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LATIN AMERICA REPORT

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BRIEFS

BRASPETRO TO OPERATE IN PDRY--Rio de Janeiro--Braspetro [Petrobras International Inc] yesterday signed an oil exploration and exploitation contract with the petroleum and minerals board [given in English], a People's Democratic Republic of Yemen (South Yemen) state enterprise. It will be the first Brazilian company to operate in that country, which has a socialist regime, since it attained its independence from Great Britain in 1967. With this agreement, Braspetro is now operating in nine countries and this implies a profit of 800,000 to 1 million barrels of oil, the equivalent of 1 day's consumption in Brazil. According to the firm's financial director, Reinaldo Vilardo Aloy, this is not a very large volume because all the contracts have not yet been signed and the production is being done through the system of advances. [Text] [PY021828 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Jan 82 p 21]

BRASPETRO OPERATIONS IN GUATEMALA--As partner in a consortium with the French Elf Aquitaine and the Spanish Hispanoil Companies, Braspetro [Petrobras International, Inc] this month began to have a return of 240 barrels of oil per day from operations in Guatemala. Under contract terms, 55 percent of extracted oil is for the Guatemalan Government and the remainder is equally divided among the three partners in the consortium. [PY021828 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 21 Jan 82 p 34]

CSO: 3001/78

BRIEFS

1981 OIL PURCHASES--According to a report of the Central Bank, Chilean crude oil imports during the first 10 months of 1981 amounted to 17.2 million barrels, which represents a 9 percent decrease over the same period in 1980. The report points out that this reduction was possible because of increased Chilean petroleum production which during the same period increased 23.5 percent in comparison to the first 10 months of 1980. [Santiago Chile EL MERCURIO in Spanish 8 Jan 82 p B2 PY]

CSO: 3010/774

NATIONAL HYDROELECTRIC PLAN SUBMITTED TO CONGRESS

Lima EL COMERCIO in Spanish 3 Jan 82 p A-4

[Text] Implementation of the national hydroelectric plan will result in a savings of \$12 billion by 1995, according to Deputy Francisco Aramayo Pinzazo. The plan is included in the electricity bill that the executive branch submitted to Congress.

Aramayo Pinzazo said that, according to data from Peru Petroleum Company, between 1973 and 1980 there was a saving of \$740 million in petroleum that was not used to generate electricity.

Aramayo, who heads the Energy Committee of the lower house, thought that the electricity bill, which was already approved by the Senate "is the most important in Peru for the present constitutional government and for 50 years to come."

He indicated that the bill will result in a net profit because it authorizes debts of \$2.8 billion but will mean a savings of \$12 billion in fuel, since petroleum that would have been used to generate electricity will be replaced by hydroelectric plants.

As you may recall, Minister of Energy and Mines Pedro Pablo Kuczynski introduced the bill in both houses of Congress before the end of the last regular session.

The electricity bill provides for construction and consolidation of 11 hydraulic [hydroelectric] plants, extension of transmission lines, and also a few small hydroelectric and thermal plants.

The 11 main projects are Culqui, Curumuy, and Poechos in Piura; Carhuaquero and Gallito Ciego in Lambayeque; Alto Chicama in La Libertad; strengthening the flow of the Santa River in Ancash; Huinco and El Sheque in Lima; Yuta in Arequipa; and Lagunillas in Puno.

Deputy Aramayo recalled that, according to the bill, the government will be able to arrange loans between 1982 and 1983 so that the projects can be built at least over the next 7 years, although they could be completed by the middle of the 1990's.

8587

CSO: 3010/671

PETROPERU NEW OIL REFINERY UNDER CONSTRUCTION IN IQUITOS

Lima EL COMERCIO in Spanish 4 Jan 82 p A-13

[Text] Most of the equipment for the new PETROPERU refinery under construction in Iquitos, which is scheduled to begin operating during the second half of 1982, is already at the plant site, and construction of the remaining equipment will be finished soon in Spain.

This plant is intended to provide fuel for the Amazon region and to generally raise the level of refining crude oil in the country, according to PETROPERU spokesmen.

They indicated that production of petroleum in the northern jungle makes it possible for Peru to be self-sufficient in fuel, since 120,000 barrels a day come from there. The Iquitos plant will supply the whole region with petroleum.

The work of construction and assembly was done alongside the former Luis F. Dias refinery. The new unit will begin operating in the last half of 1982, and will have a capacity of 10,500 barrels a day.

The new refinery is being assembled by the Spanish-French consortium Tecplant-Ingest-Tecnic at a cost of \$25 million. That company won the bidding with financing agreed upon at the end of 1979.

At present, PETROPERU operates six refineries with a capacity of 178,000 barrels a day, which satisfy the current demand of 138,000 barrels a day.

Anticipating new demands for fuel, the company is conducting studies to expand and build new refinery installations during the next 3 years.

8587

CSO: 3010/671

SIECA'S SIERRA FRANCO CALLS FOR ECONOMIC INTEGRATION

Guatemala PRENSA LIBRE in Spanish 20 Dec 81 p 2

[Text] The year 1981 was characterized by a worsening of the economic situation of Central America, and the persistence of domestic conflicts and political differences, which have negatively influenced the development of the common market, says the general secretary for economic integration (SIECA), Raul Sierra Franco.

Sierra Franco made these statements in a document that contains a balance sheet of the work accomplished by SIECA [Secretariat of Central American Economic Integration] during the year that is coming to an end.

"As 1981 terminates," Sierra Franco said, "I call upon the governments and peoples of Central America to strengthen the regional dialogue, to adopt unitary actions, to assemble the high-level ministerial mechanisms that represent and form the institutional plan for integration.

"It is regrettable that despite the magnitude of the economic problems, and sessions held by SIECA, the forum of ministers in charge of integration has not been able to meet with the regularity that circumstances demand," Sierra Franco said.

Walls of Incomprehension

Further on, Sierra Franco said that technical and economic regional cooperation cannot be pursued while there are walls of incomprehension between brother nations, inheritors of the same cultural and spiritual tradition, who have the same interests and needs as members of the developed world.

"Individually," he added, "our countries could not survive in a world tinged with economic blocks and groupings. For this reason, we must not abandon the source itself of cooperation among ourselves, which is the process of economic and social integration. This cooperation must in 1982 move toward their revitalization and restructuring, which is of great importance to reactivate the economies of the Central American countries."

Finally, Sierra Franco expressed his deepest wish that throughout Central America peace and brotherhood among all citizens should prevail and that we should meditate and reflect on the need to make 1982 a year of understanding and peace among Central Americans.

9545

CSO: 3010/681

SALVADORAN, NICARAGUAN BUSINESSMEN INDEBTED TO GUATEMALA

Guatemala EL IMPARCIAL in Spanish 21 Dec 81 p 1, 2

[Text] Salvadoran and Nicaraguan businessmen owe Guatemala 94 million quetzals or Central American pesos, which makes Guatemala the main creditor within the region's trade, according to a statement today by Raul Sierra Franco, general secretary of SIECA [Secretariat of Central American Economic Integration].

However, said Sierra Franco, Guatemala obtained, from January to June 1981, an overall surplus of 120 million quetzals, which was more than it recorded during the same period in 1980, which was 63 million quetzals.

Guatemala's principal debtor, added Sierra Franco, is El Salvador, with 53 million quetzals, while Nicaragua is second, with 41 million quetzals.

With the exception of Guatemala--referring to the period from January to June 1981--which increased its exports, and of Honduras, which just about maintained them at the same level, the other countries substantially reduced their exports, particularly El Salvador, where exports decreased by more than 30 percent, equivalent to almost 48 million quetzals.

Nicaragua, adds SIECA, shows a deficit with all the Central American countries in 1980 as well as in the first 6 months of 1981. However, during the period from January to June 1981, with relation to the same period in 1980, Nicaragua has reduced its deficit position by decreasing its imports by 9.4 percent, which compensated the verified 5.8 percent-reduction in its exports to the Central American countries.

In this way, the Nicaraguan deficit which in June 1980 was 97.7 million quetzals, was 87.3 million quetzals in June 1981. Guatemala is its chief creditor, for 39.8 million quetzals, followed by Costa Rica, for 26 million quetzals.

As for Costa Rica, SIECA said that even to a greater extent than Guatemala, it recorded a surplus in its intraregional relations for approximately 40 million quetzals in the first 6 months of 1981. Costa Rica's main debtor is Nicaragua, where it sent almost 30 percent of its exports within the region and which today is its main purchaser.

Intraregional Exports

Guatemala: January-June 1981, 201.0 million quetzals; difference with January-June 1980, 6.7 million quetzals; percentage of growth 3.5. El Salvador: January-June 1981, 105.3 million quetzals; negative difference with same period 1980, 47.7 million quetzals; negative percentage of growth 31.2. Honduras: January-June 1981, 40.3 million quetzals; negative difference with same period 1980, 395,000 quetzals; negative percentage of growth, 1.0.

Nicaragua recorded a negative growth of about 5.8 percent, and Costa Rica, 4.4 percent negative.

Also, Central America as a whole recorded a growth during this same period of 8.9 percent.

9545

CSO: 3010/681

BRIEFS

BELIZE, PETEN RESUME TRADE--The trade exchange between Peten and Belize is becoming normalized, since the reopening of the border on 15 December, which was closed immediately after the unilateral declaration of independence granted by Great Britain to this disputed territory. Alfonso Alonso Lima, vice minister of foreign relations, confirmed this morning that the border zones, closed since 21 September, were reopened in order for trade in both directions to be resumed, taking into account that many towns in Peten regularly trade with their neighbors in Belize. Thus, Melchor de Mencos, on the Guatemalan side, and Benque Viejo, in Belize, are again active; after the border closing, passage to and fro was impossible, due to measures taken by the Guatemalan Government. Colonel Jorge Mario Reyes, director of Economic Promotion and Development of El Peten (FYDEP), went to Melchor de Mencos to observe the exchange in trade, tourism, etc., between towns on both sides, which from time immemorial have depended on one another, since, while Guatemala produces foodstuffs, Belize makes tools for farming, agroindustry, etc. needed by the population of Peten. [Text] [Guatemala EL IMPARCIAL in Spanish 22 Dec 81 pp 1, 10] 9545

NICARAGUA-HONDURAS TRADE AGREEMENT--The Nicaraguan Foreign Trade Ministry announced today that Nicaragua extended its bilateral trade agreement with Honduras, which would have expired on 6 February, and considered the possibility of an additional agreement. A report from the ministry added that Nicaragua will name a foreign trade committee to negotiate the additional agreement. The negotiations for the additional agreement will be carried out during the extension period granted after a request was made by the Honduran Government. The extension will end on 6 February 1983. The report from the Foreign Trade Ministry states that during the negotiations, Nicaragua will request the solution to problems that it considers an obstacle to trade between the two countries. The extension granted by Nicaragua follows the one signed with Honduras in 1980 made necessary by the split in the Central American Common Market because of the 1969 war between Honduras and El Salvador. [Text] [PA310400 Managua LA PRENSA in Spanish 24 Jan 82 p 4]

'LA PRENSA' LAUDS REGIONAL SUPPORT FOR EL SALVADOR

Buenos Aires LA PRENSA in Spanish 16 Jan 82 p 1 Sec 2

[Editorial: "Continental Support for El Salvador"]

[Text] Venezuelan Foreign Minister Alberto Zambrano Velasco's visit to El Salvador, where he spoke with high-level government officials and Armed Forces commanders, had the virtue of underscoring hopes for a political solution to the bloody conflict in the small Central American country. In his initial statements the Venezuelan foreign minister said that Caracas backed El Salvador in its bid for "democracy and freedom." After a series of meetings that included several political leaders, Zambrano Velasco said that "we clearly reject any sort of intervention in El Salvador," an unmistakable reference to the document in which Mexico and France recognized guerrilla groups as "valid spokesmen" for negotiations with the Salvadoran National Government Junta. Responding to this stand, he said that "we have signed a declaration of support by 22 countries in the hemisphere opposing any sort of meddling in El Salvador. The point of my visit," he concluded, "is to tell the international community and our countries of our extraordinarily clear political support."

The importance of Venezuela's backing for the Salvadoran Government is obvious at a time when Mexico is holding fast to its recognition of the guerrillas. The cause of law has thus been strengthened with just a bit more than 2 months remaining before constitutional assembly elections are held in El Salvador. Colombia has taken an identical stand with its decision to send observers to the election, in response to a request from the Salvadoran National Junta. The Colombian Foreign Relations Ministry communique recalls that at the recent OAS General Assembly in Santa Lucia all of the organization's member countries, with the exception of Nicaragua, Mexico and Grenada, underscored in a document the importance of the move towards democracy that is being taken in El Salvador.

Simultaneously with the steps taken by Colombia and Venezuela, the Argentine Government approved a \$15 million loan to El Salvador, in a clear show of support for the antiguerrilla struggle and for a political solution, the first step towards which will be the constitutional assembly elections on the second Sunday in March. This show of support by our country is

important more for its intrinsic meaning than for the amount of money involved. In moving from the realm of words, which are often ambiguous, to the realm of deeds, our country has clearly indicated where it stands in today's world.

We trust that this decision will be followed by other similar ones, thus evincing the adoption of a new policy that will dispel doubts about the zigzagging, omissions and equivocations that our Foreign Ministry has engaged in in recent times.

8743

CSO: 3010/735

SHARP DROP IN MANUFACTURING INDUSTRY REPORTED

Buenos Aires LA PRENSA in Spanish 22 Jan 82 p 11

[Text] According to the survey conducted by the Latin American Economic Research Foundation (FIEL), the activity of manufacturing firms remained at notably depressed levels last December, and there was not much confidence that a recovery could be achieved in the months to come.

The FIEL report adds that despite a slight upswing from previous months, the overall situation in industry is still very disappointing.

According to the FIEL report on last month's survey, the trend in demand on the manufactured goods market has stabilized at depressed levels. "We can also see," the report continues, "that inventories of finished goods are larger than normal, which is also partially due to low market demand."

It states in conclusion that most industrial firms "do not foresee their overall situation improving, which would indicate that over the first few months of this year the general industrial outlook will continue to be disappointing."

Breakdown by Sectors

In a breakdown by sector of the manufacturing industry, businessmen feel that the outlook is quite discouraging, except in the subsectors of petrochemicals and leather goods and furs. A satisfactory upward trend was noted here during the last few months of 1981. The reason for the upswing in petrochemicals was the recent startup of new plants, while in the case of leather goods and furs, the encouraging trend in demand is due to exports.

Inventory Levels

The FIEL report goes on to say that there is a close relationship between inventory levels and the consequences of demand levels. When demand declines sharply, "we can see a larger gap between actual inventories and the inventories that producers regard as optimum. This is because as sales fall off, physical inventories expand, because there is less demand for merchandise.

The Near-Term Outlook

Lastly, the report notes that according to the survey, most industry executives feel that the next few months will not bring major changes in the current overall situation, which means that industrial activity will stabilize at totally "unsatisfactory" levels.

There are two basic reasons for this leveling off. The first is the summer season, which always brings a downturn in production and sales. The report clarifies, however, that the downturn will not be sharp, "because current production and marketing levels are already very low."

The other factor is the measures taken by the current economic team, "which are basically designed to hold down inflation by postponing the goal of reviving our production machine, at least for the short run."

8743

CSO: 3010/735

LABOR STRUCTURE REMAINS SEEMINGLY UNALTERED

Buenos Aires LA PRENSA in Spanish 23 Jan 82 p 1 Sec 2

[Editorial: "The Immovable Trade Union Structure"]

[Text] To the country's detriment, there are no perceptible signs at this new governmental stage that began in late 1981 that plans are being made to adopt measures to achieve the objectives announced in 1976, that is to say, to reorganize the labor movement on foundations that will prevent the unions from once again becoming both decisive political factors and submissive tools of demagogic rulers. It would seem, rather, that we want to preserve the structure inherited from Peronism, which imparted these characteristics to workers associations when it placed them in its service and rewarded obedient labor leaders with high-level positions in the administration and Congress.

It is a secret to no one that a great many of the union men who were with the Peronist regime to its final days have remained in key positions in their organizations, openly carrying on intensive activities all these years that have enabled them to preserve their status as bosses. In contrast, labor union representatives who were arbitrarily and fraudulently stripped of their posts between 1973 and 1976 have not gotten any recognition, and the proceedings begun by their respective unions have been tabled on orders from the corresponding military authorities. This has just been reported publicly by the National Executive Board of the 32 Democratic Trade Unions and their cultural association, which has also pointed out a series of verifiable abnormalities in the current situation in Argentina.

This independent trade union association has asked for information on the investigation into the administrative handling of the unions, in most of which, it asserts, "astronomical amounts of money have vanished in connection with whopping shady deals to acquire hotels, hospitals, athletic fields, banks and businesses for the collection of dues and other facets of union activity."

Just as serious are the charges that in the Labor Ministry "certain officials have facilitated the illicit activities of verticalist unionism through maneuvers to circumvent the will of its affiliates and are still in service

to these minorities out of partisan affinity or a venal nature." The request that the conduct of these officials be examined must not be ignored.

In recent days, public opinion was once again astonished at the brazenness with which the former head of the 62 Trade Union Organizations (the political branch of the newly reborn CGT [General Labor Confederation]), Lorenzo Miguel, presided in Mar del Plata at a congress of Metallurgical Workers Union delegates from all over the country. At this assembly, the delegates decided to unite the union, and Miguel regained his status as its secretary general. This man, whose influence and responsibility in many incidents during the Peronist government led to a ban on his holding union and political posts, has made statements on political issues, such as the privatization of state-owned firms and the defense of our national sovereignty, and has expressed his determination to take up worker grievances.

The fact that his statements were made in his presence and on his behalf by another leader is merely another way of flouting the legal provisions that prohibit him from engaging in any union or political activity as long as this ban is in effect. The National Commission of Patrimonial Responsibility issued the interdiction when he was unable to explain to it how his net worth had increased so much from 1966 to 1976 that he could afford "massive real estate investments," expensive new cars and numerous trips to Europe.

Now that the CGT has been reestablished, in spite of clear-cut legal provisions to the contrary, and now that the Peronist union has achieved "unity" under its secretary general in 1976, perhaps we should ask whether we will soon see the rebirth of the union's political branch, which would complete the piecing together of the picture that was supposed to be destroyed that year. The statement by the 32 Democratic Unions, which we mentioned above, should be sufficient warning to jog the memory of our citizens, who might eventually forget the sinister manipulation of the unions under the Peronist regime but who surely recall vividly the slayings, in the finest gangland style, of metallurgical union leaders Jose Rucci and Augusto Vandor, who were Lorenzo Miguel's predecessors as union bosses.

8743

CSO: 3010/735

MULTIPARTY GAINING CREDIBILITY AS POLITICAL FORCE

Buenos Aires LA NACION in Spanish 20 Jan 82 p 8

[Editorial: "The Multiparty as a Political Fact"]

[Text] The statements and documents that the politicians running the Multiparty have issued recently are useful tools for describing the current situation in Argentina, at least with regard to the broad-based opposition to the government.

The Multiparty is composed of two strong groups, Peronism and Radicalism, which have now been joined by three factions whose small size enables them to function only as pressure groups: the MID [Integration and Development Movement] people, the Intransigents and the Christian Democrats. With the exception, perhaps, of the Intransigents (whose leader, moreover, is always difficult to accurately place on the political party spectrum), these parties are run by virtual group commands. This even applies to the MID, which sports a two-person leadership that has prompted public manifestation of internal dissent in recent days.

The lack of powerful, well-known representatives is not their only common feature. A lack of men whose charisma makes a program of ideas a secondary matter, often gives rise to plans in which the broad range of input leads to philosophical consistency among the member groups. And in the case of the Multiparty, all of the groups have offered strangely similar programs when faced with the task of making up for the absence of caudillo-style leaders with the printed word.

Their decision to take a single approach to the problem of oil development should they ever take office (the MID has contradicted itself in order to now back the longstanding ideas of the Radicals), is unquestionably the most obvious example, but the range of their consensus is much broader at this time. This might not be bad as a bid for coordination. For the same reason it can well be described as a development that illustrates the period of change that Argentine politics is going through.

Within the transformation that we are seeing, the proposals of the Radicals are permeated with stands typical of Peronism (in foreign policy, for example),

while the Peronists' proposals are virtually no different from Radicalism's, especially in the economic sphere. Trailing them both, the MID and the Christian Democrats are battling for influence as a thinking elite at the disposal of a Peronism that reeks of sentimentality, while the Intransigents, who have little to offer in the way of votes, are cultivating alternative alliances as if it were an immutable policy.

In this endeavor of five full-fledged members, plus a few nonvoting observers, in which they would all like to resemble each other, Radicalism's traditional devotion to democracy lends the others a common language that perhaps one of them has had longstanding difficulties in learning.

The political consequences of a reconciliation of parties such as the Multiparty has achieved are quite varied. Naturally it bolsters this philosophical coalition in its critical stand vis-a-vis the government. It also offers the prospect that this philosophical coalition will give way to an electoral coalition, a possibility that has not been belittled by prominent Peronists.

A group of parties whose only differences are the names of their leaders can have a still greater influence in times like these, when the tools for bolstering our country's institutional fabric are in the making. For the time being, the statements and documents issued by the members of the Multiparty contain an unexpected argument in favor of an electoral law similar to the one that for many years lent vigor to civic life in Uruguay. Under what was called the "lema law" there, groups linked by common objectives ran in elections without losing their individual structures, which consisted of various teams of leaders.

Beyond this immediate suggestion, the Multiparty is projecting a realistic image for our time, an image based on the determination not to argue about the lack of success of an honest government with sound underlying principles, as Radicalism's last administration was, or about the total failure of a government undermined by its links with terrorism, as was the case with the last Peronist administration. It also goes without saying that the reasons why the other groups have failed to gain popular support are not going to be topics of discussion either. The desire to avoid reflecting on the past is perhaps a contribution to reconciliation that the five parties are beginning to try out in their mutual relations.

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CSO: 3010/735

IGLESIAS ROUCO SEES DISCOURAGING SIGNS IN NEW GOVERNMENT

Buenos Aires LA PRENSA in Spanish 19 Jan 82 pp 1, 4

[Article by J. Iglesias Rouco: "Still Almost Like It Was"]

[Text] There are already signs that the new government is becoming old. Of course, no judgment can be final at this point, but the fact is that in less than a month we have seen a whole series of far from encouraging or decidedly negative developments that suggest that the government has either not grasped the dimensions of the nation's terrible disarray or has not succeeded in ridding itself of the mentality and the ineffectual practices of its civilian and military predecessors. In short, the relatively encouraging signs that we saw in late December and early this year, after many long years of Peronist, Videlist and Violist toccatas and fugues, are not turning into new, stable currency, as Mr Alemann would say. On the contrary, I would say that today, like 1 month ago, the constant is still our unstable national currency, which is decreasing daily in value but represents an accurate measure of our historic political, moral and economic degradation.

I will present herewith a list of recent developments that reveal how far Argentina still is from halting its rapid slide towards the precipice. The government can take it as it wishes. The ideal thing would be if it took it as a chance to right its course, before the "way out" it is seeking turns into its own "way out" the service door, towards chaos, as happened in 1973.

The Governorships and the "Current"

The appointment of part-time conservatives, such as Mr Aguado and Mr Frugoli, and other circumstantial friends of the "process" (of any process), like the Popular Line people, as governors of three of the provinces which, along with Cordoba, account for the overwhelming majority of the country's economic and electoral resources, shows that the military government has perhaps changed "spokesmen," but not ideas. As General Saint Jean stated, the idea is still that the "process" should "spontaneously" generate a "political current." This is surely why the new governor of Buenos Aires Province, Mr Gaston Perez Izquierdo, allowed himself to bring to Aguado's and his own inauguration a noisy electoral "claque," which at one point even began hailing him to the sound of the following ditty: "Gaston, Gaston, how great you are." Perhaps not to be outdone, Mr Aguado let it be known at the same

ceremony that he would tackle the province's problems with a "Christian approach." I admit that from the standpoint of our brand new Christian Westernism, his comments represents a step forward from the remarks by General Gallino, who tackled these problems with a completely Moslem approach, as demonstrated, for example, by his contacts with Saudi Arabia in connection with draining the Salado basin (and his countrymen's pockets), some of his Lopez Rega-style advisers and his last pronouncements and requests, which are worthy of a Qadhafi. Nevertheless, his words had a theological ring to them and, albeit rather discreet, were always within the mainstream of the Church's "social doctrine," which Mr Peron, still the high priest of our sad vernacular theology, wielded so masterfully both before and after the burning of the churches.

Mr Frugoli's maneuvering in Mendoza to place only casually conservative "friends" of his, not real conservatives, in charge of the province, and the help that Mr Gabrielli gave him in this effort (help that was, to be sure, ambiguous) can be put in the same category, because they are overlooking or downplaying the longstanding, in-depth differences between the two, as well as the criticism that conservatives have justly leveled at Mr Frugoli's performance in government and the current threat of a split in the Democratic Party. Aguado's and Perez Izquierdo's "popular" theology in La Plata was countered there by the theology of the "laboratory." But they both smell fishy. Moreover, under current conditions, when political objectivity is all the more necessary on the government's part, the appointment of these governors does not square at all with the legitimate desire that the Armed Forces guarantee equal political opportunity to all constitutional ideological factions or to none, if the circumstances so dictate, a desire that has been often reiterated even by military commanders who are described as "hard-liners," such as General Menendez.

The same is the case with General Galtieri's visit to the Labor Ministry and with his instructions that there should be civilian "participation" in the intervened labor movement. How can such participation be encouraged with the same, the very same, "labor leaders" as in 1973 and 1975 and who are still in power thanks to totalitarian legislation that enshrines the principle of a single union per branch, a principle that the military regime has been careful to preserve all these years?

Ethics in Government

Things have not improved much either to date as far as ethics in government is concerned. As we know, I felt it was auspicious when the president disclosed his net worth before taking up residence in the Casa Rosada. But has any thought been given to amending the legal arrangements by which not a few officers are securing or have secured hundreds of millions of pesos in loans so far? Obviously, no one could pay the interest on such loans out of his own salary if the loans were granted under normal marketplace terms. And if this was not the case, then many Argentines would surely like to borrow money for a time from the military's generous lender. Are

we forced to admit, therefore, that special loans offered by certain civilian or military bodies to their members, even at the cost of huge deficits, are going to be added to the national deficit sooner or later? Naturally, the president's personal honor is not being questioned in this instance, inasmuch as Galtieri could never be regarded as the creator of this system (nor could the other retired or active military officers), and neither the general nor his colleagues are receiving benefits that do not accrue to others of their status, including potential adversaries or enemies. But if this system of privileges still exists, no one, I repeat, has yet said that it is going to be abolished, in spite of the difficult times that the country is going through. And what is bad is the system and the silence that, for want of other news, surrounds it.

All in all, however, this is minor compared to the resistance that many of the civilians and military officers in the "process" are showing to the ending of other privileges and to the austerity and ethics in government that General Galtieri has ordered, some perhaps not in particularly bad faith but, rather, simply out of habits ingrained by a power structure that has operated all too frivolously for years, decades in fact. A few days ago, for example, Brigadier Cacciatore, accompanied by his wife and staff, landed at Punta del Este in an Air Force Guarany. Now perhaps military or municipal regulations authorize the use of this aircraft for his office, but these are times that demand sweeping changes, and everyone looks to the top for the model. Poorer yet is the example given by certain ministries and other government departments that have apparently not heard of the decision to limit superfluous outlays and work or conveniences such as an official car, reservations on Aerolineas flights or official meals, not to mention the evaluation or execution of projects for which there are no funds. No response has yet been forthcoming either to the charges concerning the incredible "investments" and budgets for Yacyreta, or in relation to the serious questions raised in a report done late last year by the bilateral agency, detailing all sorts of irregularities, and on which I reported at the time.

Economic Policy

The implementation of Mr Alemann's economic program, whose reported basic guidelines seem praiseworthy to me, in principle, has, in the meantime, been marked by contradiction, if not uncertainties. Here are a few examples:

1) After announcing just 20 or 25 days ago that public sector salaries would be "frozen" until March, Messrs Baltierrez and Solanet are now telling us that the hikes were only postponed until then. The question arises as to why the government publicly announced something which now, after not before the protests by unions and populists, it is trying to make more palatable or confusing. It is also not very clear what role Mr Baltierrez played in this "clarification," because it is solely up to the Economy Ministry to "clarify" a matter such as this. For the time being, all indications are that the "clarification" is part of what we could call the government's new union campaign. Do its promoters realize the inconsistency and loss of political authority that it entails?

2) The same can be said about the decision to increase the nontaxable minimum by more than 70 percent, when just the opposite was expected a few days before.

3) The so-called "privatization" of the subsoil is the object of the same kind of vacillation, as demonstrated by the official rectification of the remarks attributed to Mr Martini, to the effect that no such plan is under study.

4) Maintaining the reference rate and its implicit recognition of very strong current pressure by these rates on the economy, all of this to foster an artificial "stability" on the exchange market and in the financial system, still do not square with Mr Alemann's "liberal orthodoxy."

5) In spite of the heralded economic "housecleaning," state-run or joint enterprises are still up to their old tricks. Papel Prensa has just closed another "export deal," this time with Uruguay, at a price of \$570 a ton. The enterprise sells the same paper in Argentina for \$870, and it presumably costs it even more to produce it. Meanwhile, in order to safeguard an inefficient Papel Prensa, importers are still being hit with a more than 40 percent tax, although after the exchange markets were consolidated again, the cost of imported paper rose no less than 30 percent here. If to this development we add the manipulation of government advertising by the central government or certain provincial governments, it should be clear to anyone what kind of situation the few independent newspapers still left in the country find themselves in. Between last 1 July and 31 December, the province of Chubut, for example, placed 2,852 centimeters of advertisements in a Buenos Aires paper that is a partner of Papel Prensa and 516 centimeters in another affiliated paper. It placed zero in this paper. And all of this does not even take into account that the levy on imported paper is also being applied to nonnewspaper publishing houses, which do not use newsprint.

6) We still do not know why the Economy Ministry continues to incorporate well-known members of Mr Martinez de Hoz's team in its staff. The newest member is Mr Grimoldi, the new director of the Central Bank, who in March 1981, just hours before leaving his post in the ministry, signed a decree helping out a new oil-manufacturing company by exempting it from the value added tax, thus harming the interests of its competitors.

Other Uncertainties

So that this article does not become overly long, I will not discuss on this occasion a number of other aspects of government policy that are just as contradictory or cloudy as the ones I have outlined. Suffice it say that the much-talked-about "privatizations" are not moving full speed ahead, far from it, and the resistance within the "process" is becoming stronger every day to Argentina's withdrawal from the "nonaligned" group. Furthermore, the police have not yet given a reasonable explanation of the disappearance and reappearance of Mr Di Bernardo and no explanation at all about Mr Brugo Marco, whose disappearance was reported in great detail, along with Mr Di Bernardo's, by the organizations that defend human rights. The matter of

our political bureaucracy is far from being resolved either. Mr Aguado has just hinted, for example, that he is going to set up "advisory councils" in the intendencies. If we go by the various accounts of a conversation that General Galtieri reportedly had last week with Martinez Raymonda and Mr Natale (there is no confirmation of it yet), during which the president supposedly reproached Martinez Raymonda for his criticisms of the "process" and the military, the safest bet is that "friends" will be put on these "councils" too.

In summary, the few relatively positive gestures in December are beginning to look like just gestures. I am not going to say today that the die has been cast. But there is little, very little time remaining, and as yet there are no definite signs that Argentina's rapid slide towards disaster is being halted, far from it.

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GOVERNMENT SEEN LAYING GROUND FOR POLITICAL STRUCTURE

Buenos Aires LA NACION in Spanish 19 Jan 82 p 6

[Article in column entitled 'Politica Nacional': "Something More Than A National Opinion Movement"]

[Text] When he takes over the government of Mendoza, Dr Bonifacio Cejuela will have completed 10 days of a period from which an attentive observer could certainly have extracted much more than some data on the strategy of the government which will complete its first month of administration this coming Friday. The references made to the government projects are so abundant and indicative that the antonomastic opposition, the multiparty group, has felt the need to cut its recess short.

The successive gatherings in Jujuy, Buenos Aires, Santa Fe and San Juan, and doubtless that anticipated in Mendoza, provide sufficient material for those who believe that, beyond the goal of broadening civil participation, the third government of the process is proceeding rapidly to establish the foundations for a political structure. In other words, a concrete proposal capable of dealing with the risks of the constitutional solution which will begin to be considered in the medium time range. From this point of view, something considerably more ambitious than the MON [National Opinion Movement], so timidly outlined sometime back, would be involved, because those taking up the initiative now are clearly politicians, representing specific sectors and holding office.

These five governments are added to those which previously paved the way for civilians--or rather politicians--in Entre Rios, La Pampa, Catamarca and Formosa, while a firm possibility can be seen that another politician will succeed Gen Cesar Fermin Ochoa in Santiago del Estero, when he completes his 6-year term at the end of March. In view of this development of events, the fact that the minister of interior commented, shortly after Mr Aguado took office in La Plata, that the process may spontaneously give rise to a political movement, is perhaps of secondary value. It also seems excessive to conclude, as does Dr Italo Luder, that the isolation of the government is complete.

Eloquent Instances

But for some neuroses, there remains very little doubt that in all these designations, the farthest possible point of political advance has been reached. Some

examples are eloquent, beginning with the governor of Jujuy, Dr Horacio Guzman, who under normal conditions heads a provincial political structure only surpassed by Frejuli in the last election. A similar reference could be made to Dr Leopoldo Bravo, in San Juan, and the Democratic Party in Mendoza. The situation is similar in the province of La Pampa, where Mr Ricardo Telleriarte also comes from the second provincial structure, headed by Dr Ismael Amit.

The situation in Sante Fe might have been more delicate if Drs Rafael Martinez Raymonda and Alberto Natale had not succeeded in mollifying the reactions--in some cases very categorical--caused by the appointment of Mr Roberto Casis, in the home district of the Progressive Democratic Party (PDP). The fact that Natale remains at the head of the municipality of Rosario and the discussion held with Martinez Raymonda on Saturday in the presidential office mean that the weak structure of the Popular Line will have the critical support of the PDP.

The situation of Dr Jorge Ferreyra in the Entre Rios government is not, because of the situation described, as comfortable as that of his party colleague in Sante Fe. The initial break in the Popular Line occurred precisely because of the strong dissent of Dr Horacio Domingorena, also a native of his province, while the Justicialist and radical structures in the province have consistency which is virtually of the first order.

The case of Buenos Aires is indeed indicative of how the central authority has also achieved the farthest possible point of political advance here too. A strong nonpartisan personality was chosen, since there was no individual comparable to the preceding examples available. In Cordoba, on the contrary, the official maneuvering room is very limited, both due to the lack of a sizeable friendly structure and because of the inability to find an independent personality who could offset the solid Justicialist and radical political presence, which have been better able to date to coexist with military governors.

The Historic Parties

Soon after noting the circumstances described, one sees that the political structures involved in the process as a whole would not be consistent with the very limited number of parties for which the requirements of the bylaws drafted 2 years back provided. There is, then, a contradiction between such limited pluralism and the survival of political friends. It does not seem plausible, on the other hand, that groups with strong historic roots can be made to disappear at the mere whim of a staff of analysts. Nor would those clearly provincial groups, with a legitimate right to represent their voters on the national level. Both aspects--the historical and the representative--are found together, for example, in the Liberal Party of Corrientes, the doyen, with its 125-year history, of national politics.

It is a question to some extent of qualitative parties, as compared to those which are quantitative, and which in the modern mass democracy, usually function in coalition, and which in Argentina are clearly representative of the federal mosaic. The government now thinks that these groups, and those which have in recent decades, and with difficulty, survived ephemeral and contradictory regulatory norms to maintain their national personalities, should have a place. With his recent statement to this effect, Minister Saint Jean himself has revealed that those who drafted the bylaws, when it came to moving from theory to fact, found reality to be adverse.

EDITORIAL SUPPORTS U.S. SANCTIONS AGAINST USSR

Buenos Aires LA NACION in Spanish 16 Jan 82 p 6

[Editorial: "A New Grain Embargo?"]

[Text] The critical situation in Poland has brought the tension between the West and the communist world to one of its worst moments in many years. Within this context, it is wise to expect a hardening in international relations--which at times becomes palpable--and the taking of steps tending to prevent the frustration of the process of liberalization of Polish life and to strengthen the possibility for the sovereign self-determination of that country, with real independence of the Moscow regime.

It is not possible, therefore, to exclude a new grain embargo like that imposed 2 years ago by the preceding government in the United States. This prospect has been noted repeatedly on the international level, and our country should have an established position in the event Argentina is asked to support a collective attitude. A grain embargo is one of the most common resources used by the United States to exert pressure on the Soviet Union. However, this does not mean--as recent experience shows--that it is an effective means of modifying the hegemonic designs of the Soviets.

If the embargo failed to achieve its objectives in connection with the intervention in Afghanistan, there is no reasonable justification for thinking that its effects will be different in this new situation. However, there will be no shortage of those who think that the step proved insufficient to counter the machinations of the communist absolutists in 1980 because it lacked adequate support in the free world, and in particular because of the large volume of Argentine sales of foodstuffs to the Soviet Union. But the decision made by our country was not made lightly nor was it based solely on a temporary trade advantage. Instead it was adopted on the basis of the view that the response to political or military deeds should be political or military deeds, while economic pressure and trade reprisals are suitably applied to economic or trade disputes, as a traditional principle in Argentine foreign policy dictates.

In addition, the embargo is imposed unilaterally by President Carter's government, which was manifestly hostile to the Argentine authorities at that time, and the lack of any consultation and the other usual formalities in the coexistence

among nations allowed our country to make its decision as an act of real independence, winning back the role as a protagonist on the international grain market which it had enjoyed in previous time.

One should not lose sight of the fact that, in addition to being a political gesture which can be simply interpreted, the failure of Argentina to support the embargo represented a good deal for the country, commercially speaking. The Soviet Union, in a very bad situation in terms of its agriculture, became for all practical purposes a captive client, almost forced to pay more than the price prevailing on the market for other purchasers. This excellent deal had a counterpart: Argentina found its foreign trade heavily focused on a single market. It had already had unfortunate experiences with a similar focus, with the added aggravation in this case that here a trade partner with which political relations often become difficult was involved.

It is obvious that the advantages enjoyed in the past 2 years can only be regarded as temporary. There is no doubt as to the need to avoid a dangerous concentration, and in this connection, the country should make a special effort to diversify and redirect its exports. It is clear that the potential for doing so depends in large part on a reduction in the protectionist pressures which still exist--and even given indications of becoming more acute--on some of the main world markets.

A new grain embargo, which seems to be increasingly likely, would face Argentina once again with a difficult decision. It would certainly find it a more complex matter in this instance to separate the political from the commercial, and relations with the United States have entered into a definitely more friendly stage, which in a way requires harmonious action and a consistent attitude when it comes to such an important issue as the Polish matter.

On the basis of this decision, and without abandoning the view that the response to political events should be political deeds, a clear understanding should develop that beyond a certain point, the economic cannot be separated from the political, leading to the conviction that, rather than sanctions because of unacceptable international behavior, there should be thought of steps that design to avoid the abusive Soviet procedures, and instead of punitive actions, it would be better to look for effective dissuasive tools. Like everyone else, Argentina has a responsibility to preserve everything which the West represents, on which it has turned its back for perhaps too long. The problem lies in reconciling this responsibility with a politically independent and economically practical attitude.

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CSO: 3010/696

FRENCH ARMS SALES TO NICARAGUA SCORED

Buenos Aires LA PRENSA in Spanish 11 Jan 82 p 1, sec 2

[Text] The announcement by the French defense minister, who was in Washington at the time, that his country had decided to sell arms to Nicaragua, should not come as a surprise. However, its importance lies less in the size of the operation--15.8 million dollars--than in its specific and future meaning within the framework of the government's foreign policy. To start with, it confirmed the position on Central American affairs evidenced 2 months ago by Mr Mitterrand when, in a joint communique signed by France and Mexico, they voiced their recognition of the guerrilla groups in El Salvador and said that they should be acknowledged by the National Junta in that country as valid interlocutors. This intervention was immediately rejected by El Salvador and by the member nations of the OAS at the recent Santa Lucia meeting, with the exception of Mexico, Nicaragua and Granada. The vote against these three countries is understandable, for the reason is obvious in the case of Mexico and consistent with regard to Nicaragua and Granada, whose alignment with Cuba and the Soviet Union no longer needs any obvious proof.

However, the scope of the French decision to sell weapons to Nicaragua thus adding its shipments to the frequent ones from Moscow and Havana, is far greater, and it must be remembered that a large part of the weapons and ammunition Managua receives from these sources are regularly dispatched to guerrilla groups in El Salvador. The solemn statement by the French Government to the effect that the weapons it sends to Nicaragua are "defensive" and "cannot be reexported to other countries" is no more than a cynical semantic exercise which cannot conceal the real facts.

While the French Government behaves thus with regard to Nicaragua and Central America, its position in Europe is much closer to Washington's policy than is that of the German Government itself. It has not hesitated to support NATO's nuclear rearmament, nor has it failed to criticize the Polish situation, with the understanding that the heart of the matter in both cases is the Soviet Union. In the former case, it responded to the Soviet deployment of SS-20s with the installation of American Cruise and Pershing missiles, and in the latter case, it made a point of noting Moscow's responsibility for the outrage against the Polish people committed by General Jaruzelski's troops.

How can the two policies be reconciled? How can one explain French support of the procommunist government in Nicaragua and of the guerrilla forces in El Salvador

which follow the Havana and Moscow line, while at the same time it denounces the Soviet weapons buildup and its police action in Poland?

It is not so much that we are faced with a senseless policy as an ambiguous attitude all the consequences of which have been assessed in advance. France has surpassed its own accomplishments, mainly because its Foreign Ministry is aware that international policy is not pursued today in separate compartments. It is a single whole, and it is not inconsistent to recognize that the Soviet offensive must be contained throughout the world. And as to the "balance" presumably sought by this policy, it would be well to note that the Machiavellian approach some nations have attempted from time to time with Moscow has got them nowhere. At the moment of truth, communism knows no half measures.

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CSO: 3010/696

GOVERNMENT NEWS AGENCY COMES UNDER ATTACK

Buenos Aires LA PRENSA in Spanish 13 Jan 82 p 1 sec 2

[Editorial]

[Text] As is known, although it bears repeating, TELAM, the official news agency, was created on 12 May 1959 in the same spirit as underlay the establishment in 1944 of the news agency ANDI, which was responsible for the exclusive distribution of news to radiobroadcasting stations, which were required to carry them and to pay for the services rendered. Beginning in 1968, the TELAM held a monopoly on government publicity. Currently it continues to provide general information to radio and television broadcasting stations and a large number of daily newspapers throughout the country, and to provide national government publicity.

In referring to the promised return of state enterprises to the private sector on other occasions, we have noted that there would be an obvious contradiction between what was promised and what was done if with the return of radiobroadcasting stations and television channels to the private sector, the official news agency were to continue to exist. In a commentary we published on 9 September 1980, we pointed out that the then secretary of public information had referred to this agency in a press conference, saying that its status was under study by the Military Junta, and that he had made a point of giving assurance that at no time had its "validity" as a news agency been challenged. According to what that official said, what was under study then was the "source of financing" for the journalistic body, and that the possibility that instead of guaranteeing it a monopoly on government publicity, arrangements might be made to have it directly subsidized by the state, could not be excluded.

To the criticism we voiced at that time must be added the fact that, apart from the cost to the state of maintaining the TELAM agency, the most reprehensible aspect must be the requirement whereby through its intermediary, news services which they may not want are imposed on radio and television broadcasting stations, not to mention the penetration into the sphere of activity of independent news bodies which this represents. However much an attempt is made to represent matters otherwise, it is obvious in fact that no holder of a government radio or television concession will be likely to spurn the reports and bulletins from TELAM, nor even to challenge the price which must be paid for them. In addition, it does not seem healthy for the state to use its power and its influence, either directly or indirectly, to compete with the news offered by the free press, in

its various forms, in an effort to secure a favorable but not precisely objective or impartial judgment from the public concerning its administration.

It cannot be claimed on any acceptable basis that the state urgently needs to impose news and information for which it pays or makes others pay a price which in the final analysis is borne by the community, wasting time, effort and money on a task which is completely alien to its specific functions. The responsibility which does on the other hand fall to the authorities is simply what we have been urgently demanding for years, to wit the broadest and most timely publicity concerning the actions of the government and the decisions adopted, and public reporting of legislative proceedings and the initiatives being considered in the administrative sphere. In particular, the opinions of government employees and official and private bodies concerning matters of a public nature should be made known. The publicizing of government actions is the most elementary duty of the authorities, and the best guarantee of wise administration, consistent with the republican system which prevails in our country.

The firm determination to effect an economic housecleaning, to reduce public expenditures and to return the costly and inefficient state enterprises to the private sector, convincingly set forth by the executive branch, should reasonably begin with the immediate elimination of TELAM, not only because of what has been said but because this body comes under the jurisdiction of the secretariat of public information, which in turn answers directly to the office of the president of the nation. In this way, undeniable evidence of the consistency and seriousness with which the present authorities are proceeding would be provided.

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CSO: 3010/696

EMBRAER DIRECTOR ON SALES IN U.S., FRANCE

PY280249 Rio de Janeiro LATIN AMERICA DAILY POST in English 27 Jan 82 p 7

[Text] Sao Paulo (DAILY POST)--Embraer [Brazilian Aeronautics Company] is considering merging with Lear jets in the U.S. to its increase share of the market there. It should also deliver this year, 12 Xingu planes to France--the pressurized EMB-121--out of an order of 41 units, 16 for the French navy and 25 for the air force. The French pilots are now training in Sao Jose dos Campos.

The contract allocating the 41 airplanes manufactured by Embraer for the French Government was signed last January and the delivery will start within the first semester, said the director-superintendent of Embraer, Colonel Osires Silva.

Out of the 50 Bandeirante planes manufactured in 1981, 40 were exported and 10 were sold in Brazil. Embraer reached \$100 million in international sales, and their goal for 1982, according to Silva, is \$120 million.

Embraer suffered a recession in 1981, but after a cost equalization they are ready to start a new expansion phase. "We have great hopes to obtain new contracts for international sales," said Silva.

He announced that Embrarer should increase in 1982 the production projected for the AMX--a military jet manufactured in joint venture with Italy--the production of a T27, a military training plane and should also deliver the Xingu--the Bandeirante pressurized plane--to the French navy and air force.

Concerning the merger with Lear jets, Silva stated that there is a possibility of a venture with the U.S. company to increase Embraer's share in the U.S. market.

"There are no plans related to the production of small executive planes in the country. The market is limited; it could be that 30 units would be sold in the second year the drop would be great. A small executive jet costs between CR\$400 and CR\$500 million. There are executive planes of up to CR\$700 million. The competition in the market that manufactures the executive jets is presently large and the demand is great. The merger with Lear could improve our sales in the U.S. market and this is being studied by our subsidiary in the States," concluded Silva.

CSO: 3020/51

BRAZILIAN PAPER ON SUSLOV DEATH

PY031148 Sao Paulo FOLHA DE SAO PAULO in Portuguese 28 Jan 82 p 2

[Editorial: "An Orthodoxy That Failed"]

[Text] In a matter of hours Moscow's orthodox communist line lost its main ideology, Mikhail Suslov, and had its ideological death certificate filled out and signed by an authoritative source, the Italian Communist Party [PCI]. These coincidental facts dramatize what has become clear, even to slow-witted persons, since the military crackdown on the independent labor unions in Poland; the hollow arguments the CPSU has resorted to in its hegemonic aspirations over the international communist movement.

The crisis in Poland revealed the hollowness of these arguments on a practical level. Other schisms, such as those which separated Yugoslavia and the PRC from the Soviet orbit, had occurred due to differences over political tactics or because of nationalistic rivalries. It is true that in Hungary and Czechoslovakia the Russian tanks had already intervened to squash general aspirations for national dignity and freedom, but Poland was the first country to defend those aspirations by fighting both against Soviet dominance and local party bureaucracy incompetence through a movement clearly and undoubtedly launched by workers.

With the absurd excuse that a worker's-ruled state is threatened by workers, the Polish army, under Moscow's watchful eyes, squashed the solidarity union, and also the hope for a democratic socialism that at least could be tolerated by the CPSU's geronto-bureaucratic oligarchy.

In Poland the actual revelation of the hollowness of the CPSU's arguments had a theoretical catch as well, because, after all, Lech Walesa and many other leaders of solidarity are plain workers not Marxists, nor do they have any intention of becoming Marxists. On the contrary, one of the reasons for calling them a threat to socialism was the strong Catholic faith of the solidarity member.

It was up to the PCI, with its living tradition of free debate and a proven intellectual heritage going back to the time of the founders of "scientific socialism," to prove, on a strictly theoretical level, the existence of an ideological vacuum in Soviet communism. Charged with being "renegades" and with other similar characterizations by the CPSU because of the PCI's espousal of a pluralist and democratic socialism, the Italian communists the day before yesterday rebutted these

charges, denouncing the persistence of Stalinism in the Soviet Union, criticizing Russian imperialism in Eastern Europe and Afghanistan and reasserting their party's independence from Moscow.

It is rather easy to point to the promises of ideal socialism in order to divert attention from defects of real socialism, be that as it may, the harsh message of the Italians--as an irony of fate--found the Kremlin mourning the death of the only man among the members of the ruling oligarchy who still resembled a Marxist intellectual, in the opinion of many Western observers, Mikhail Suslov, who died at the age of 79 after a remarkable career as a tight-rope walker during purges and internal struggles which had characterized the CPSU's history since Stalin's times, will be difficult to replace fittingly. There will be no one else like him to try to reconcile, with the same zeal and the same verbal ability, the ugly realities of an oppressing superpower's interests with its beautiful ideals. The voice of the defender of the indefensible has been silenced so that everybody may clearly hear the rumble of the tanks, the only argument of Soviet hegemony which seems destined to last.

CSO: 3001/77

BRAZILIAN-POLISH ANTARCTIC EXPEDITION REPORTED

PY040112 Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Feb 82 p 3

[Excerpts] Brasilia--It was reported here yesterday that Brazil and Poland are holding confidential talks--which are still in the stage of diplomatic contacts--concerning the sending of a joint scientific expedition to the Antarctica.

The talks being held by the Polish Government and, on the Brazilian side, by the Interministerial Commission for Antarctic Studies started a little more than 2 weeks ago and they are being viewed as a search for another alternative for Brazil to carry out its expedition to Antarctica in 1982, as is prescribed by the Antarctic Treaty. Only the expedition will give Brazil the right to participate in the scientific exploration of the region.

A new alternative has developed now, according to information made known in Brasilia: A joint scientific expedition with Poland, taking advantage of the presence of Polish scientists in Brazilian ports on their way to the Antarctica on their annual polar expedition.

The project is still in the consultation phase and Brazilian authorities are analyzing all aspects of the project. They are pondering, for example, the consequences of a joint action--even a scientific project--with a country of the socialist bloc, although Poland is one of Brazil's main partners in Eastern Europe.

It is not known, either, to what extent the Brazilian Government will allow its scientific mission to rely on a country presently going through a serious crisis.

On the other hand, the facts that the Polish Government is not involved in the territorial disputes between Chile, Argentina and Great Britain--which would be in keeping with Brazil's neutrality concerning those disputes--and Poland's willingness to share its experience and its research in the Antarctic region with Brazilian scientists are also taken into account.

CSO: 3001/77

BRIEFS

FIGUEIREDO SAYS ELECTIONS SACRED--President Figueiredo has stated: The elections to be held in November are sacred. This is an irrevocable decision since the elections are the basis for the political opening process. There is no reason to doubt that they will not be held. Figueiredo reaffirmed that elections would be held during a meeting with journalist (Luis Adolfo Pinhero), from the Brazilian News Agency; and Paraiba Governor (Tarcisio Burity). [Excerpt] [PY051149 Sao Paulo Radio Bandeirantes Network in Portuguese 1000 GMT 5 Feb 82]

FOREIGN MINISTER TO VISIT PRC--Sao Paulo, 6 Feb (TELAM)--Brazilian Foreign Minister Ramiro Saraiva Guerreiro will officially visit the PRC in the second half of March. The information was carried by O Estado de Sao Paulo, which said that the visit will primarily have a political character, since commercial negotiations will be limited to (the possibility of) association between Brazil and PRC enterprises for the purpose of exploiting wood. [Text] [PY061655 Buenos Aires TELAM in Spanish 1612 GMT 6 Feb 82]

LEGISLATORS VISIT SAUDI ARABIA--A delegation of Brazilian legislators headed by Nelson Marchezan, president of the chamber of deputies, today met with the Saudi foreign affairs minister, information minister and minister of state, they analyze the political and economic aspects of bilateral exchange. Saudi Foreign Minister Sa'ud al-Faysal remarked on the Arab governments' satisfaction over the Brazilian support for a fatherland for the Palestine people, in turn, Deputy Nelson Marchezan stressed that Brazil's position is consistent with the pluralism of its ethnic background, with the presence of 8 million people of Arab descents. For his part, Workers Party leader Ailton Soares told the Saudi foreign minister about the creation of a Brazilian-Arab group of legislators whose members have committed themselves to negotiating the opening of an office of the Palestine Liberation Organization in Brazil. Saudi Minister of State Shaykh Muhammad Mas'ud pointed out the importance of intensifying trade and suggested that the Brazilian legislators intercede with Itamaraty to appoint a commercial attache to the Brazilian Embassy in Riyadh. [Excerpts] [PY040210 Brasilia Domestic Service in Portuguese 2200 GMT 3 Feb 82]

FRG PRESIDENT TO VISIT--Itamaraty reported yesterday that FRG President Karl Carstens will visit Brazil from 5 to 7 April in response to an invitation from the Brazilian Government extended by President Joao Figueiredo during the visit he paid to Bonn in May 1981. [Excerpt] [PY030217 Brasilia Domestic Service in Portuguese 2200 GMT 2 Feb 82]

PORTUGUESE FOREIGN MINISTER TO VISIT--Portuguese Foreign Minister Andre Gonzalves will arrive in Brazil on 1 March for a 2-day official visit in response to an invitation extended by Minister Saraiva Guerreiro, in order to continue the high-level contacts which the two countries have been making in the last few years. [Text] [PY040117 Brasilia Domestic Service in Portuguese 2200 GMT 3 Feb 82]

FOREIGN DEBT SERVICE--The Central Bank has reported that the service of Brazil's foreign debt in 1981 required \$16.8 billion, a 72 percent of export earnings. [PY040117 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 19 Jan p 32]

ARMY PERSONNEL, BUDGET--A presidential decree has set the total number of army personnel at 184,855 men for 1982. The army budget for this year is 37,498,800,000 cruzeiros, of which 4.4 billion are to cancel debts. [PY040117 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Jan 82 p 5]

CSO: 3001/77

FIGURES SHOW DECLINE IN UNEMPLOYMENT SINCE 1981

Santiago EL MERCURIO in Spanish 19 Jan 82 p B 1

[Text] Despite economic difficulties, employment results will be favorable when compared with the average levels for 1980 and 1981. However, as in the case of production, it is likely that late in the year, there will be a decline that will extend at least into the middle of 1982.

Results Throughout Country

Studies made nationally by the Department of Economics of the University of Chile in March and September show that the average unemployment rate was 11.7 percent in 1981, a figure lower than the 12.2 percent registered during the same period of 1980.

This means that in 1981, approximately 93,000 new jobs were created and that the number of unemployed was reduced by 6,600.

According to the university's studies, the largest number of jobs, proportionally speaking, was created in the construction sector.

On an average, that activity employed 184,000 persons in 1980, which figure rose to 257,000 in 1981. There was also high growth in employment in the commercial sector and an increase, although smaller, in the manufacturing industry.

The number of hours worked a week rose also, going from an average of 48.7 in 1980 to 49.6 in 1981. In other words, workers were on the jobs nearly an hour longer a week this year than in 1980.

Finally, the average length of unemployment dropped to 9.5 months in 1981 from 10.2 months in 1980.

Results in Greater Santiago

Surveys in Greater Santiago, made by the Department of Economics as well as the National Institute of Statistics, show similar results, although at different levels.

The unemployment rate dropped from 12.1 percent during the January-September period of 1980 to 10.3 percent during the same period of 1981, according to the Department of Economics of the University of Chile. National Institute of Statistics figures yielded more favorable results.

Comparing the situation of Greater Santiago with the rest of the country, there are major differences that should be pointed out.

Among these is the growth of the labor force, which in Greater Santiago is practically double that of the country as a whole. Fortunately, the increase in employment is also much higher in the capital and consequently, the rate of unemployment is lower than that of the entire country.

According to the data from the Department of Economics, between the periods of January-September of 1980 and 1981, the labor force grew 4.4 percent -- a percentage that far exceeds the growth of the working-age population -- which means that there has been a flow of persons from other regions of the country to the capital.

Growth in employment during the same period was 6.6 percent.

Minimum Employment

The reduction observed in the unemployment rate in 1981 was not influenced by greater hiring under the Minimum Employment Program (PEM). On the contrary, this year, the number of persons enrolled in the PEM has dropped.

In December of last year, there were 203,141 persons in the program, while in October, the figure was 173,619, which means a reduction of 29,522 persons.

The monthly average between January and October of this year was 176,679 workers, a figure that is 6 percent lower than the average recorded during the same months of 1980.

11,464

CSO: 3010/713

BRIEFS

MINING CONCESSIONS LAW--Organic Constitutional Law No 18,097 on mining concessions was published in yesterday's DIARIO OFICIAL. However, the law does not go into effect until the new Mining Code becomes official. The legislation stipulates that the authorization will not be granted for the working of liquid or gaseous hydrocarbons, lithium, deposits in national maritime waters or those defined as of importance to national security. It states that the concessions will be established by resolutions of the regular courts of justice, in proceedings instituted before them and without intervention by any other authority or persons. In addition, it stipulates that the holder of such concessions will have total ownership rights, "protected by the guarantee of No 24 of Article 19 of the Political Constitution." It goes on to state that "any mining concessionary has the exclusive right to sample and dig on land of any domain for mining purposes, within the territorial area" contained in the concession. The legislation also states that the concessionary has the right "to receive indemnification, in case of expropriation, for any damages sustained." On this point, it is explained that the damage consists of "the commercial value of the power to initiate and continue the extraction and appropriation of substances that are the object of the concession. In case of disagreement," the text continues, "the amount of the damage will be set by the judge, based on expert opinions. In order to determine the amount of the indemnification, experts will establish the commercial worth of the concession and, based on the reserves of the substances in question which the concessionary demonstrates, figure the current value of the net cash flow of the concession." The legislation states that on an annual basis, the value of the mining license will be paid to the government in advance and what is paid in this fashion will be credited to the income tax. Exploration concessions cannot be granted for over 4 years but those for actual extraction are indefinite. [Text] [Santiago EL MERCURIO in Spanish 22 Jan 82 p C 4] 11,464

FIFTH REGION INTENDANT--Vice Adm Luis de Los Rios Echeverria was sworn in yesterday as intendant of the fifth region replacing Vice Adm Raul Lopez Silva who retired voluntarily from the Navy. [PY011312 Santiago Chile EL MERCURIO in Spanish 5 Jan 82 p C6]

AIR FORCE BRIGADE COMMANDER--Gen Leopoldo Porras Zuniga assumed his post as commander in chief of the 4th Air Force Brigade. He replaced Gen Nelson Sepulveda Brito who will take over as director general of civil aviation shortly. [PY011312 Santiago Chile EL MERCURIO in Spanish 21 Jan 83 p C8]

U.S. DECISION ON LOS APPLAUDED--Foreign Ministry sources have termed positive and satisfactory President Ronald Reagan's decision to reopen negotiations of the Law of the Sea. (Fernando Tejer), Foreign Ministry director general, stated that the initiative knocks down an obstacle which has been thwarting the final negotiations for an international convention on the Law of the Sea. The White House withdrew from negotiations, claiming that there were some important elements considered unacceptable, specifically referring to the exploitation of the sea bed. (Tejer) added that the convention on the Law of the Sea is almost complete, that there is only a need to negotiate the current reserves, and that the United States has the documents regarding maritime reserves. He said that the fact that President Reagan's Administration has completed its review and announced the decision to negotiate is a positive point with great prospects for the forthcoming session to be held in March in New York. (Tejer) added that the U.S. doubts mainly deal with the right of access of private enterprises to the exploitation of the seabed. He added that U.S. firms probably have the most advanced technology in the world to carry out this task. [Text][PY021837 Santiago Chile Domestic Service in Spanish 1630 GMT 2 Feb 82]

NEW AMBASSADOR FROM URUGUAY--President August Pinochet has approved the appointment of Julio Cesar Lupinacci as new Uruguayan ambassador to Chile. [PY011312 Santiago Chile Diplomatic Information Service in Spanish 2219 GMT 15 Jan 82]

CSO: 3010/774

GOVERNMENT DEFICIT TO RISE ACCORDING TO IMF ESTIMATE

San Jose LA NACION in Spanish 27 Dec 81 p 4A

[Text] The 1982 central government deficit will be 5.1 billion colons, by which time the estimated difference between revenues and expenditures throughout the public sector will total 14 billion colons.

This estimate was made by IMF specialists at the conclusion of an examination of the nation's economy.

This deficit, however, will be increased by not less than 300 million colons as a result of two factors noted by local economists that were not taken into account by those of the IMF.

The first of these factors that will increase the deficit is the decision by the president of the Republic, lawyer Rodrigo Carazo, to reduce from 6 to 4 percent the ad valorem tax on exports.

The second factor will be the cessation in April of the entire ad valorem tax in accordance with the provision that created it during lawyer Hernan Saenz's term as minister of finance.

This increase is to be offset by revenues ensuing from the new law which taxes local exports and which, according to estimates by Deputy Rodrigo Madrigal Nieto and officials of the Banco Central, will produce an inflow of 1.381 billion colons.

Breakdown

It is explained that the deficit of 5.1 billion colons estimated by the IMF includes 800 million colons that are to cover salary increases the central government employees will receive.

It also includes 400 million colons to cover "contingencies" that could be produced by variations in the dollar exchange rate, as well as 500 million colons to cover social security outpayments, which were not included in the national budget that was approved a few days ago.

Also included in the estimated deficit are 800 million colons to cover servicing of the foreign debt and 200 million colons for the servicing of other loans.

Finance Ministry officials said that while the 300 million colons that will not be perceived for the reasons mentioned must be added to the deficit, it must be reduced by the 800 million colons of salary increases to public employees.

They explain that the reduction must be made because recently the Legislative Assembly approved taxes on the exchange differential, which are intended in part to be used to pay that salary increase.

Appraisal

A study carried out by specialists of the Banco Central, and which was submitted to Deputy Rodrigo Madrigal Nieto, mentions that the new levy on exports approved by the Legislative Assembly recently will produce 1.381 billion colons.

This levy imposes a tax of 10 percent on the exchange differential pertaining to traditional exports, which include coffee, bananas, leaf tobacco, cowhide-, pigskin- and horsehide-leathers, meat, raw shrimp, log lumber, milled lumber and mineral products.

A 5-percent tax was also levied on nontraditional exports to Central America.

According to this appraisal, coffee exports will produce tax revenues of 512 million colons, bananas 498 million, tobacco 363,000 colons, cowhide- and pigskin-leathers 8.2 million, meat 114 million, raw shrimp 6,000 colons, milled lumber 136,000 colons, mineral products 32,000 colons, cattle 4.3 million, hogs 16,000 colons, and horses 9,000 colons.

Non traditional exports to Central America will produce 250 million colons.

All of these revenues will be used, in accordance with the law passed by Congress, solely for the purposes stipulated therein and in accordance with the priorities it also stipulates.

Initially, funds will have to be dedicated to "financing of the salary increases to government employees, which will be directly based on cost of living increases and will become effective from 1 January 1982."

It is estimated that 800 million colons will be needed to cover these increases.

Funds from this tax law will also have to be used, in descending order of priority, to subsidize FERTICA [Central American Fertilizers, Inc] to the extent of 120 million colons, so that it "can sell to small- and medium-scale farmers at prices in effect 30 September 1981."

Students

Revenues from this tax law will also be used to subsidize Costa Rican students enrolled in high-level university studies abroad. This will require an estimated total of 50 million colons.

The mentioned law provides for subsidizing the Costa Rican Social Security Fund and the Ministry of Public Health for a period of 1 year to enable them to purchase essential medicinals and medical and laboratory equipment. It is estimated that 400 million colons will be needed to cover these two subsidies.

Lastly, the said law provides for subsidizing the INFOCOOP [National Cooperatives Development Institute], the FEDECREDITO [Credit Federation], and rural electrification cooperatives and local government entities providing electricity to consumers, to cover the exchange differential they must bear in the discharge of their obligations and payable abroad in foreign currency, for a period of 1 year. The cost of these subsidies is estimated at 10 million colons.

According to the appraisal released by the lawmaker, regarding the needs that must be covered by the proceeds of this tax law, the total required will be 1.380 billion colons, whereas the levies will produce 1.381 billion colons. (To calculate the proceeds from this legislation, the Banco Central specialists used an exchange rate of 36 colons per dollar).

9238

CSO: 3010/702

ECONOMISTS FORESEE GREATER PROBLEMS IN 1982

San Jose LA NACION in Spanish 1 Jan 82 p 4A

[Article by Lafitte Fernandez R.]

[Text] Severe balance of payment problems, a national production downturn, a possible inflationary upturn and a decrease in growth rate are some of the symptoms that will make themselves felt in the local economy in 1982, according to four prominent economists.

Dr Fernando Naranjo, Dr Federico Vargas, Dr Alberto Di Mare, and lawyer Marco Antonio Lopez assert without equivocation that the nation's economic and social problems could worsen this year.

Their projections also impel them to recommend the adoption of measures aimed at stabilizing the economy within the shortest possible time.

"We need a very strong tightening of belts by all Costa Ricans, but especially in the public sector," was the way Dr Vargas Peralta summarized this year's needs.

More Difficult

Dr Fernando Naranjo and Dr Federico Vargas both feel that this year will be a more difficult one from the economic standpoint than 1981.

They agree that balance of payment problems will probably have more of an economic impact this year than last.

"Consequently," said Dr Naranjo, "it will not be possible to significantly reactivate the flow of revenues from abroad."

He also said that the high level of external debt (public and private), which is up to \$4 billion, and the low level of international monetary reserves will restrict significantly the nation's ability to import goods throughout this year.

He added that this in turn could provoke a greater rise in the dollar exchange rate, requiring the imposition of further restrictions on imports.

In the view of Dr Naranjo (as well as that of Dr Vargas), these foreign exchange constraints will cause a drop in national production for the second consecutive year, which in turn will diminish the nation's ability to absorb its work force.

"The number of unemployed could reach 100,000 persons this year," said Naranjo, former minister of development in the Oduber administration (the current number of unemployed is estimated at 70,000).

Inflation

For the former minister, inflation, in the best of cases, could reach indexes similar to those of 1981 (estimated at 54 percent by the IMF), while the national economy has not yet adjusted fully to the violent impact of the devaluation it suffered last year.

To that assessment, Dr Vargas adds that inflation will be fed by dollar exchange rates, by the slowdown in production, and by the emission of money that will have to be resorted to in 1982 to close the deficit gap in the public sector.

Dr Naranjo summarizes this problem as follows: "In the fiscal sector, there is an enormous question. If additional steps are taken--and they must be strong steps--the overall deficit in the public sector will exceed 12 billion colons. This will lead to the possibility that the Banco Central will have to finance a substantial part of this deficit through the emission of money, with the resulting imbalance."

The two economists consider it necessary to arrive as soon as practicable at a new agreement with the IMF and to refinance the external public debt, so as to bring order to the economy.

Vargas adds that to avoid greater problems it is also necessary to stimulate national production and bring down the price of money for the productive sectors.

He also stresses the need to attract foreign investment to close the balance of payments gap.

Lawyer Marco Antonio Lopez, former minister of economic planning, also feels that the public finances deficit in 1982 will be greater, in absolute terms, than it was last year, and that the government will therefore have to resort to bank financing to support public spending, thus continuing the inorganic emission of money.

In his view, the trade balance will show some improvement in 1982. As regards the balance of payments problem and the need to reach an agreement with the IMF and foreign banks, his view coincide with those of Drs Vargas and Naranjo.

He said, however, that the forecasts being made "do not take into account a number of factors that could improve some aspects of the economy and that could be a

direct consequence of the elections. These could give rise to a surge of optimism that could reactivate the influx of capital from abroad and produce domestically a more positive climate for the expansion of their activities by the business sectors.

New Markets

Dr Alberto Di Mare stressed the need for the country to find new markets for its products, although, "for this, we must become very competitive." He feels that "One cannot speak a priori of balance of payments without first seeing how national industry reacts."

He predicted that this year will see an expansion of industries that produce for export and a contraction of those that produce for the domestic market using imported raw materials.

He said that a decision will have to be taken as to methods of combating excessively high exchange rates: Either by revaluating our currency little by little or by inflating domestic costs through wage increases to workers or increased prices of national products, so that the exchange rate of 40 colons per dollar will be compatible with remuneration levels.

A continuation of the current method of bringing Costa Ricans more into line with current exchange rates by way of wage increases, he said, will compel various industries which have until now been competitive on the international markets to lose their competitive positions.

In general, he feels that economic recovery will be slow and difficult and that "It will take the entire term of the incoming administration."

9238

CSO: 3010/702

MONGE, ECHANDI SPEAK ON CAMPAIGN ISSUES

San Jose LA NACION in Spanish 29 Dec 81 p 5A

[Text] The presidential candidate of National Movement, lawyer Mario Echandi Jimenez, stated to the "National Conscience" group that an eventual future government headed by him will seek an understanding with the other political parties, aimed at pulling Costa Rica out of the crisis in which it now finds itself.

The PLN [National Liberation Party], for its part, declared it is the victim "of an intentionally abusive and slanderous aggression through the printed propaganda being distributed by followers of the Unity coalition."

Responding to a "National Conscience" group, which is made up of Costa Rican businessmen and political leaders, lawyer Echandi stated that he will be humble enough to seek the help of the best brains in all the parties to govern between 1982 and 1986, in the event he is elected president of the Republic.

He also stated he will respect the concept of nonintervention in the affairs of other nations, and that he will stand "shoulder to shoulder with the United States and decidedly against communism, in favor of democracy."

To combat corruption, he launched the idea of forming a court of ethics to pass moral judgement on the illicit acts committed by public officials and employees.

To combat the economic problem, he advocated the need to reduce the national budget, saying that within 90 days and based on prior studies, he would eliminate those expenditures considered unnecessary.

Lawyer Echandi summarized his plan for attacking the current economic problem as follows: Reduction of government spending, increased revenues, and elimination of inorganic growth in the money supply.

"If to all of this," he added, "we couple dynamic policies designed to bring about large-scale investments and to stimulate exports, there can be no doubt that the necessary conditions will be created to pull the country out of its crisis within a reasonable period of time."

Denouncement

In denouncing the Unity militants, Mr Luis Alberto Monge of the PLN stated that they are persons whom the leadership of that coalition has asserted it is unable to control.

"In the face of this disrespect for public opinion and in particular for the TSE [Supreme Electoral Court]," he added, "the PLN reiterates its adherence to the rule of law under which Costa Rican democracy lives, and its absolute submission to the procedures established by the TSE for dealing with this type of deceitful transgression."

The PLN also affirmed that the abusive and slanderous campaign "being conducted by supposed followers of Unity, who have been caught by surprise in the act of openly violating the Christmas season truce, coincides with communist instructions aimed at preventing the holding of peaceful elections in February."

Lastly, it recalled that on 21 July the Office of National Security denounced to the TSE a plot against the elections, allegedly on the part of the Peoples Revolutionary Movement, which, according to the documents turned over to the Court by the mentioned Office, had instructed its militants to "prevent the electoral process from taking place in an atmosphere of absolute civic urbanity."

9238

CSO: 3010/702

SURVEY REVEALS UNDEREMPLOYMENT AMONG RURAL WORKERS

San Jose LA NACION in Spanish 21 Dec 81 p 6A

[Text] Some 34 percent of rural workers are underemployed, according to the National Home, Jobs, and Unemployment Survey for last July, it was revealed recently.

The figure means that 68,155 rural workers out of a total of 200,153 work less than 47 hours per week because of insufficient demand for labor. The survey is taken quarterly by the General Statistics and Census Office in cooperation with the Ministries of Labor and Economy. It provides percentages of employment, unemployment, and wage rates, as well as other variables affecting the population.

At present this country has 234,000 underemployed (people who do not work a full workday and only work sporadically), and it is feared that the economic crisis will aggravate the problem.

Regions

According to the survey, there are 32,951 underemployed rural workers in the central valley and 35,204 throughout the rest of the country.

While the figures do not show what the income of these people is, it is presumed that a high percentage make approximately 315.90 colons weekly, based on the legal minimum wage of 8.10 colons per hour.

It is possible that Statistics and Census will do a study in this area next year, according to the director, Rafael Trigueros.

Causes

Mr Trigueros stated that among the basic causes of rural underemployment is the impact of habit in rural areas.

For example, he said that it had been observed on many occasions that if the weather is hot, the worker will refrain from carrying out his assigned task. He said that the fact that many farm workers are content with their wages helps to bring about underemployment.

"Generally, the farm worker only plans on receiving a certain amount of income, and he does nothing or practically nothing to earn more". He stated that at the same time social, economic, and educational factors bring about "labor underdevelopment."

9015

CSO: 3010/684

STUDIES INDICATE STAPLE PRICES INCREASE

Increase of 77 Percent in 1981

San Jose LA NACION in Spanish 21 Dec 81 p 4A

[Text] The cost of food and other articles of general consumption for middle-class homes rose by 77 percent between December 1980 to December of this year, according to a study made by Los Perifericos supermarket chain.

This is the average percentage increase among the products chosen for this survey, and some articles experienced increases of up to 400 percent during the period mentioned.

This retailer has reviewed the prices of a basic market basket each month for the past 2 years, using predetermined quantities of certain products considered capable of satisfying the needs of a family of four.

The market basket was prepared with the assistance of a group of housewives, who selected the articles, the quantities, and the brands. In December of last year they could all be purchased for 1,514.95 colons; at the beginning of December of this year the same quantity of products cost 2,681.75 colons.

This shows an increase of 1,166.80 colons composed mainly of cleaning products. For example, bath soap increased by 148.7 percent, toothpaste by 212 percent, toilet paper by 233 percent, Fab detergent by 151.8 percent.

Other increases were 138.8 percent for Dona Blanca soap, 133.3 percent for Contraste soap pads, and 201.1 percent for Ajax soap pads.

Regarding fruits and vegetables, whose prices rise and fall throughout the year in accordance with the harvests and supply and demand, the products that registered the highest increases were garlic, with 400 percent and chayote squash, with 337.5 percent. Other increases were 225 percent for cabbage, 236.6 percent for papayas, and 106.6 percent for a kilo of potatoes, among others.

The Breakdown

The percentage recorded this year is considerably greater than that for 1980, when food price increases were 25.59 percent between January and December, according to the analysis by Los Perifericos.

From December of last year to January 1981, the cost of the basic market basket rose by 3.51 percent, while from January to May the increase was 17.65 percent, which is equivalent to a cost of 1,845.05 colons.

By July, midyear, the percentage reached 21.87 percent and with the exception of Dorado coffee and beans, every article had experienced a change in price, and this situation continued to the end of the year, when the same brand of coffee went from 9.35 colons a half pound to 11.35 colons. During the period of the survey the only product that did not go up in price was beans, which remained at 7.30 colons a kilo.

Nonetheless, according to those in charge of the analysis, beans experienced the greatest shortage of any basic food during the year now ending.

Up to September the increase was 31.24 percent, from which it is deduced that the cost of the basic market basket rose by 45.76 percent more during the remaining months, reaching 77 percent by the first week of December.

BASIC MARKET BASKET PRICES BY ARTICLE

Article	Dec 1980 In Colones	Dec 1981 In Colones	Increase Percent
Tio Pelon Rice (1 k)	5.85	10.65	82.05
Ordinary Sugar (1 k)	4.05	6.80	67.90
Black Beans (1 k)	7.30	7.30	0
Clover Lard (1 k)	9.02	16.30	80.70
Salt (1 k)	2.28	3.95	276.00
Whole Milk (1 lit)	3.95	6.40	62.47
Dos Pinos Butter (1 k)	33.70	54.35	61.30
Roca White Bread (1 loaf)	6.00	8.00	33.33
Palmolive Soap lge. (bar)	3.90	9.70	148.07
Colgate Toothpaste lge. (tube)	5.40	16.85	212.00
Waldorf Toilet Paper (roll)	3.15	10.50	233.00
Fab Poly Detergent (30)	11.00	27.70	151.08
R. J. Bar Soap (500 g)	3.75	6.95	85.33
Dona Blanca Soap (48 g)	3.60	12.25	240.07
Contraste Soap Pads (1/2 k)	7.75	18.26	135.06
Ajax Wax (1 k)	18.25	56.22	208.00
Luz Vinegar (1 lit)	9.70	25.30	160.08
Kerns Tomato Paste (5.5 oz.)	3.55	11.50	223.09
Tico Cheese (1/2 k)	22.30	35.35	58.40
Quaker Oats (can)	10.75	40.50	276.07
Express Paper Napkins (pkg)	5.65	11.75	107.09
Vigui Spaghetti lge. (pkg)	6.10	11.50	88.50
Sweet Datura	7.00	11.50	64.02
Natura's Tomato Sauce	6.95	32.80	371.09
French's Worcestorshire Sauce	7.20	14.40	100.00
Carrots (1 k)	5.55	10.75	93.69
Potatoes (1 k)	6.50	13.45	106.09
Cabbage (1 k)	2.00	6.50	225.00
Tomatoes (1 k)	16.30	18.04	10.67

Table continued on next page

<u>Article</u>	<u>Dec 1980 In Colons</u>	<u>Dec 1981 In Colons</u>	<u>Increase Percent</u>
Sweet Pepper (Unit)	1.50	2.50	66.66
Papayas (1 k)	3.26	10.97	236.05
Bananas (Unit)	0.35	0.50	42.08
Green Beans (1 k)	7.60	15.00	97.36
Medium Pineapples (Unit)	8.00	15.00	87.05
Beets (Unit)	1.50	2.25	50.00
Garlic (Unit)	0.50	2.50	400.00
Onions (1 k)	12.05	35.00	190.02
Chayote Squash (Unit)	0.80	3.50	337.05
Yucca (1 k)	1.65	3.50	112.01
Plantains (Unit)	0.80	1.50	87.05
Beef Quarter (1 k)	40.00	58.00	45.00
Beef with Bone (1 k)	3.25	5.00	53.08
Top Grade Ground Beef (1 k)	25.00	40.00	60.00
Tega Sausages (pkg)	10.50	13.50	19.04
Medium Eggs (1 k)	15.00	29.50	96.06
Dos Pinos Ice Cream (1/2 gal.)	21.00	34.75	65.47
Pozuelo Soda Crackers (1/2)	5.90	9.50	61.00
D. T. Strawberry Jelly	7.50	9.25	23.03
Dorado Coffee (1/2 k)	9.35	11.35	21.03

Considerable Increase Expected in 1982

San Jose LA NACION in Spanish 19 Dec 81 p 4A

[Text] There will be a considerable increase in the price of articles of basic consumption starting in January, according to Hugo Sequeira, executive director of the National Retailers Association.

Within this group it is felt certain that the greater part of the products that make up the so-called basic market basket will be affected. Included among these are rice and beans, from which the National Production Council (CNP) will presumably remove the subsidies starting next year, according to the announcement made to the retailers by this institution.

Originally, they had informed the retailers that starting the 19th of this month they would stop supplying grains at present prices and begin making deliveries on next year's orders at the new prices. However, it was later announced that they would continue making deliveries on these articles for the remainder of the year.

According to Mr Sequeira, neither the CNP nor the Ministry of Economy, Industry, and Trade (MEIC) had a final decision on this matter; nevertheless, it is expected that there will be an increase in grain prices.

He also stated that the majority of high consumption industrial products would experience large increases starting next year, according to preliminary reports from Retailers Association sources. Some of these products have in fact already risen 200 percent, but it is probable that they will rise even further.

The basic reason for these price rises, according to the business leader, is that manufacturers will have to adopt the general wage raises at the beginning of the year that were decreed by the National Wage Council.

Mr Sequeira reported that several firms claim they will be affected by the export tax approved recently by the Legislative Assembly, for which they will have to compensate through their earnings. Such is the case with beef carcasses, whose price changed from 21 colons per kilo to 29.

He added that another cause of the coming increases is the application of the "fair treatment for the farmer" policy announced by President Rodrigo Carazo.

Sequeira expressed a great deal of concern for the expected increases since such developments make it more difficult each day to control the inflation the country is experiencing.

In turn, Alfonso Melendez, who is also a member of the National Retailers Association, repeated the opinions expressed by Sequeira and warned that some orders had already been received with price changes. As an example of this he mentioned that tomato paste went from 18 to 22 colons, toothpaste from 9 to 28 colons, and soap from 6 to 12 colons.

Melendez also said that even though they have not received the lists from the firms detailing the new prices, many of them are known from various sources. However, he is confident that with the passing of the currency bill some stabilization will be achieved that will even permit the prices of some articles to decline.

9015

CSO: 3010/684

CONGRESS APPROVED 25 PERCENT OF COUNTRY'S FOREIGN DEBT

San Jose LA NACION in Spanish 30 Dec 81 p 4A

[Article by Eduardo Castro: "Current Assembly Approved 25 Percent of Foreign Debt"]

[Text] The current Legislative Assembly, during its 3 and 1/2 years in office, has ratified one-fourth of the the indebtedness Costa Rica has contracted abroad.

This summarizes a certification by the Executive Board of that branch of government of the Republic, which states that from 8 May 1978 to date, the members of the legislative body have approved 47 long-term loans to government institutions totaling \$574.6 million (11.492 billion colons).

The nation's foreign debt (not including the short-term credits contracted by the Banco Central) totals \$2.6 billion (52.0 billion colons at the curren official exchange rate of 20 colons per dollar). Thus, the present Congress has approved 22 percent of that indebtedness.

Breakdown

The breakdown of loans approved by Congress shows the IDB to be the institution that has loaned the highest sums to Costa Rica. During the 42 months considered, it has loaned the country a total of \$259.2 million (5.184 billion colons).

Second to it has been the IBRD--the World Bank--with \$89.6 million (1.792 billion colons). Third, in terms of total amount, comes the BCIE [Central American Bank of Economic Integration], the institution that has granted the largest number of loans: 16 for a total of \$70.9 million (1.418 billion colons).

The FIV [Venezuelan Investment Fund] has also provided a goodly sum of loans: 8 for a total of \$38.7 million (774 million colons).

The government of the United States has loaned Costa Rica \$14 million (280 million colons); the AID, of that same country, \$20.8 million (416 million colons); and the Bank of America, also of the United States, \$24 million (480 million colons).

OPEC loaned Costa Rica \$3 million (60 million colons); the Japanese Export-Import Bank \$10 million (200 million colons); and the Kreditanstalt für Wiederaufbau (Development Bank of Germany), \$4.4 million (88 million colons).

The deputies also authorized a bond issue in Europe for \$40 million (800 million colons).

Comments

Lawmaker Juan Carlos Fernandez Saborio (National Liberation Party - San Jose), member of the Permanent Commission on Finance Matters, in comments to the foregoing figures, stated that the president of the Republic, lawyer Rodriguez Carazo Odio, "cannot complain that the Legislative Assembly has not approved the loans that the central government has contracted with international credit institutions."

"These loans," he added, "all long-term ones and under favorable terms and conditions, have helped in the development of infrastructural projects which in turn have contributed significantly to the country's progress."

Further on, Fernandez stated that "While it is true that, from the standpoint of total indebtedness, one might say there has been an increase, it is also true that what has precipitated in part the current monetary imbalance has been the near-sightedness of the Banco Central and of the chief executive, in contracting other types of very-short-term loans on terms and conditions that have heavily burdened the country."

The parliamentary body affirmed that these loans were contracted with private institutions at very high interest rates "to maintain the senselessness of an absolutely fictitious exchange rate which the Board of Governors of the bank of issue and lawyer Carazo both very well knew to be unreal."

9238

CSO: 3010/702

BRIEFS

FOREIGN DEBT PROBLEMS--A group of bankers will arrive in Costa Rica in February to verify the country's economic situation. Costa Rica has said that it cannot pay the \$235 million interest that it owes on its foreign debts. The bankers will decide on this issue. The interest in question covers 1980 and part of January 1982. [San Jose Radio Reloj Spanish 0100 GMT 21 Jan 82 PA]

CSO: 3010/776

VARIOUS U.S. TOPICS CRITICIZED BY VALDIVIA

Richard Allen

Havana VERDE OLIVO in Spanish 10 Dec 81 pp 14-15

[Article by Elpidio Valdivia: "Richard Allen: For Two Watches and a Few Dollars..."]

[Text] Walking softly, a graceful Japanese girl goes to a shop at Tokyo's Narita International Airport, one of those duty-free shops.

She pauses at the place where different kinds of watches are displayed and then chooses two for women.

Because these are gifts of special significance, she requests that one of them be gold-plated, at a cost of \$136, and the other silver-plated, at the same price.

The person who acquired these objects, an interpreter utilized in the interview the Japanese magazine, SHUFUNOTOMO (HOUSEWIFE'S FRIEND), had with first lady Nancy Reagan on 21 January of the current year, a day after her husband assumed his duties in the White House, was perhaps involved in something other than what to all appearances seemed to be a simple purchase.

The consignee: Richard Allen, adviser to the President on national security affairs, who received the first watch, the gold-plated one, 5 days before the interview, as an evident gesture of gratitude for arranging the matter, and the other, which was delivered the same day the Tokyo magazine had its interview with the first lady.

But the matter did not end there and an envelope containing a modest amount of dollars, a thousand to be exact, accompanied both gifts, although others, ill-intentioned, said that the envelope, found in a safe left in the former office of the official, Allen, had \$10,000 written on the outside of it, giving rise to conjectures as to the appropriation or "loss" of \$9,000.

Cases like this one are not new in the present U.S. Government just as they were not in previous administrations, in one of which the famous Watergate scandal occurred, during Richard Nixon's term in office.

The shadow of this congenital evil of the capitalist system, or rather the Water-gate syndrome, which, according to Reagan himself, his country is still suffering from, seems to hover about the White House and other government offices.

But let us assume that in a little while both the patient (Allen) and those who have been hurt (the government) will be urged to introduce us to the intimate details and repercussions of this new disclosure in the country that thinks of itself as "a model of democracy."

The first to be startled by the new scandal was, naturally, the adviser to the President who in recent weeks, last 14 November, had denied that the watches and money were sent as payment for arranging the interview.

On that same day he said he accepted the \$1,000 so that Japanese journalists would not "be offended," since that was the custom among them, forgetting then that the money had been in his safe from January until it was discovered in September by the FBI when they opened the safe to change its position.

A day before, White House spokesman Larry Speakes, quoted by the Spanish agency EFE [Agencia EFE, S.A.], attempted to present the incident as a misunderstanding and pointed out that, according to the FBI, Allen had not violated any laws.

In his initial eagerness to justify possession of these dollars, the spokesman referred to by the above-mentioned agency tried to explain the affair in the following way:

"Knowing that it is the custom in Japan and not wanting to offend the Japanese journalist of the 'first lady,' Mr Allen received the honorariums and gave them to a secretary to keep them until he could find out what the proper procedure was to turn them over to the government."

As the EFE noted, the disclosure of the affair could only aggravate the difficulties President Reagan, confronted before that with the "Stockman scandal," is facing.

That other episode, which, as we all remember, David Stockman staged by describing the economic plan he himself designed as "a failure," was followed by the case of CIA director William Casey, under investigation by the Senate Intelligence Committee for 4 months now.

A few months ago Max Hugel, one of the principal collaborators of the CIA chief, felt obliged to resign due to his former shady commercial operations and Casey himself was cited for dubious activities in the same sector.

But returning to the subject of Allen and the White House incongruencies, the day spokesman Speakes spoke, the 13 November, as reported by France Press, the President claimed that he had no "indication" that his national security affairs adviser had committed an "error" in holding onto the \$1,000 given him by a Japanese magazine.

However, 19 days later, last 2 December, in the middle of an FBI investigation of Richard Allen, Reagan three times refused to make a statement as to his adviser's political future during an interview granted the daily CLEVELAND PLAIN DEALER of Ohio a few days before.

When this happened, specifically on Sunday, 29 November, Allen entered on an "administrative withdrawal" until the matter of the gifts he had received should be cleared up, whereupon broad speculation as to whether he would return to the presidential team or not was unleashed.

Emphasizing the administration's abandonment of the adviser, a commentary of the Spanish agency called attention to the fact that "the administration has left Allen to defend himself" since the affair was made public.

Another news dispatch noted that with the temporary "withdrawal" Richard was freer to speak than he has been up to now.

The essence of the case: There are parties in the White House interested in seeing to it that the man "in the mortuary chamber" — he is a Roman Catholic — is dismissed or tenders his resignation, the daily WASHINGTON POST said on 28 November, which newspaper, citing reliable sources, indicated that Nancy Reagan and two of the President's chief advisers, James Baker and Michael Deaver, are pushing for one of the two options.

An EFE dispatch of the same day offered the opinion that the case has assumed importance because the interviewee was the Yankee President's wife, who has already given rise to controversy. We need only mention the public criticism of the excessive expenditures the first lady and her husband have incurred for table service, decorations and furniture for their apartments in the White House, aside from the parties.

Feigning the most ingenuous innocence, Nancy's press secretary said that Nancy knew nothing about the money, nor that an interview was involved, believing only that Japanese reporters wanted to photograph her.

The man who set the machinery in motion for an investigation of Richard Allen was the chief of state's chief adviser, Edwin Meese, who asked the FBI to investigate the person involved in the scandal.

What makes us laugh in this whole mess is the fact that on 29 October a denial by President Ronald Reagan of rumors of changes of personnel in his cabinet, coincidentally mentioning Alexander Haig and Richard Allen among those relieved of their duties, appeared in a news dispatch from the U.S. agency, AP.

Now in it the White House chief said that "we all get along well with one another" and described the reports that had been published as "inventions."

"I am very satisfied with the team we have and the country ought to be so too," the President emphasized, adding that "Allen is doing his job and /we all get along well with one another/," then underlining the fact that /"there will be no changes of personnel"/ [in boldface].

When reporters pressed him on this point, the President replied with a simple "yes." When they asked him whether his team of collaborators would remain permanently unchanged, he denied that any such possibility might arise in the future.

For the man who now finds himself in the public pillory, this whole situation created about him is not new.

With no end in sight, the adviser is burdened with several problems. Let us take a look at the most illustrative of these.

Last year, on 14 June, a WALL STREET JOURNAL article signed by Jonathan Kwitny revealed the existence of shady dealings engaged in by Allen. According to that publication, he had served as business adviser to the fraudulent financier — said to be a mafioso — Robert Vesco, from whom he used to receive \$10,000 a month.

He began to receive his fees on 1 August 1972 through Vesco's lawyer and adviser, Howard Cerny, a day after he resigned as deputy aide for international economic affairs to Richard Nixon of Watergate fame.

After leaving the government at that time, entrepreneur Allen proceeded to found his own consulting firm, the Potomac International Corporation.

However, Reagan's adviser was not the only one in those days who had contact with Vesco since another official, who until a few days ago was in a questionable position — although he has not been quite cleared of all suspicion — CIA chief William J. Casey, at the time top representative of the Securities and Exchange Commission, arranged this contact with the mafioso, thanks to which Allen got an interview with attorney Cerny.

As for Casey, on the second of last month the American Senate Intelligence Committee issued an opinion on the investigation of him that had been conducted when he was summoned to appear at the beginning of the year in regard to occupying his present position, during which he concealed numerous details of his life, particularly those relating to business affairs.

The committee reached the conclusion that the facts did not disqualify him from assuming the office proposed by the President, but "it can be said that the overall picture is not attractive."

The result: a new blow to the Yankee President and his controversial team since, when the case involving the CIA chief exploded several months ago, Reagan at that time announced that he would retain him in his post.

The above-mentioned news medium was then of the opinion that the disclosures placed the chief of state in a more delicate position, since William Casey was an old friend of Ronald Reagan.

Another case like this was what happened with Richard Allen, who despite opposition from so-called "moderate" factions inside the Republican party assumed his post, especially because he had gained the firm friendship of Reagan.

Adviser for national security affairs Richard Allen undoubtedly has many ties and is involved in many shady deals with American and foreign firms like the case of the Nissan Motor Company, Ltd, which for its services as "consultant" received \$100,000 in 1 year.

And now, his constant desire for profits has brought him to the point where for two watches and a handful of dollars he is faced with a new scandal.

There is an old Cuban popular saying that goes: Not everybody is what he is at a given time nor is everybody at a given time what he is.

It remains to be seen who else will appear on stage as well as to be discovered who is really interested in publicly airing all these cases and disagreements involving Ronald Reagan's team and just how far the matter will go.

Some mass communications media in the United States have even commented on the possibility that the country could become involved in a situation reminiscent of the Watergate days.

Reagan's First Year

Havana VERDE OLIVO in Spanish 17 Dec 81 pp 14-15

[Article by Elpidio Valdivia: "The United States: Happy New Year?"]

[Text] With the customary: Happy New Year! the Americans are getting ready to take their leave of 1981 in the full conviction that they live in a country trapped in a serious economic situation.

Eleven months after the Republican administration headed by Ronald Reagan assumed office, the opinions of the chief news agencies of the world and the U.S. press itself agree in pointing out that the promised reactivation of the economy in the United States has come down with a deafening crash.

Last Tuesday the Spanish agency EFE commented from Washington that "the worsening of the economic recession, the dramatic rise in unemployment and the growing opposition of Congress and other political sectors to budget cuts have placed President Reagan and his economic program in an extremely difficult situation."

Evaluating this situation, the French agency AFP [Agence France Press] said that this year has ended "tortured by a new recession and growing doubts as to the future of the new Republican president's ambitious economic and budget program."

Among the most conspicuous points of this economic policy are the increase in military expenditures, the reduction in government allocations and reductions in taxes — particularly in high-income sectors — with the argument that this will stimulate savings and investments in production.

Last week it was reported from the American capital that, according to White House experts themselves, the 1982 budget deficit will come to \$109 billion instead of the originally planned \$43 billion, while a year later it will amount to \$152 billion.

According to Reagan's election promises — very well received in the Wall Street world of finance — the federal budget was supposed to be balanced by 1984, but in the above-noted statement officials made it clear that the national budget deficit for that year would come to \$162 billion.

In connection with this, the EFE commented that not only are these figures much higher than the earlier ones, "but that the President has access to very few options to try to bring them down."

While Reagan insists on making enormous cuts in expenditures for social welfare programs in order to save his poorly prepared promise as a presidential candidate, congressional opposition is increasing and even members of the Republican Party — like governors and mayors — have objected to it as well.

One of the reasons for this resistance is the party elections to be held next year in the United States, elections in which these political figures do not wish to appear as standard-bearers of unpopular programs.

"As if that were not enough," the Spanish news agency noted, "the President is faced with a rebellion in the Cabinet, since several of its members are opposed to the budget cuts."

The same source was of the opinion that the current economic recession "has been much more serious than estimated" and that the subsequent crisis "is greatly endangering the popularity of the White House chief."

It added that the nation's basic industries: housing, steel and autos, are still stagnating and the chief companies of the sector daily announce the imminence of new layoffs of workers.

The EFE noted that by the end of the 11th month of the year there were 9 million unemployed in the United States, which means a rate of 8.4 percent.

The French agency AFP reported that "in circles close to the government it is now estimated that there could be 10 million unemployed and that the GNP would register a not-to-be-scoffed-at drop, possibly amounting to an annual rate of 5 percent during the last quarter of 1981."

Passing judgment on this situation, Democratic Sen Edward Kennedy recently said that Reagan had promised that his economic program would create jobs and more jobs, but that it has merely created recession and more recession.

"What we do not need," Kennedy said, "is an administration that pretends to be Santa Claus for the rich and Ebenezer Scrooge for the average family, the needy and the workers."

Early this spring the American Congress approved a \$700-billion budget presented by Reagan which went into effect as of 1 October and which meant a reduction of \$35 billion that had been previously budgeted.

In September, when the recession was shaping up as a real situation in the country, the President again turned to Congress to request new budget cuts of it, a desperate and useless measure to keep the 1982 federal deficit from getting out of control.

In its 5 October issue, a review close to Pentagon property, the U.S. NEWS AND WORLD REPORT, took it upon itself to explain the social consequences approval of this presidential request would have in the United States.

An article published in this review stated that almost all activities classified as nondefense would be reduced by 12 percent, which would hit millions of people, among them preschool children, new workers, transportation users and beneficiaries of the national income distribution program, which sends money to 39,000 localities.

Furthermore, it went on to say that this could mean additional cuts in programs like medical care for old and poor people, food stamps, housing subsidies, student loans and federal, civilian and military pensions.

One of the most significant statements on the reaction this line of government behavior is provoking was made last 4 December in an EFE news dispatch.

Datelined Washington, the dispatch said that Reagan's economic policy "has turned the President's own generation, old people and pensioners, into one of his chief enemies."

It then added that the annual American senior citizens' congress came to an end in the U.S. capital with "very harsh criticism" of the White House chief and with the drafting of 600 recommendations to the government, in which improvements in aid are requested.

At the close of the meeting, several dozen old people headed by Maggie Kuhn — a woman who is over 70 — congregated on Pennsylvania Avenue in front of the Reagan residence with placards demanding "more money for housing and medicine and less for bombs."

As a sort of ironic official response, a few days later the American Senate passed a bill that grants \$208.6 billion for next year's military budget, much higher than what has been invested during the past 12 months.

Meanwhile, with the approach of the new year, in American streets and homes the customary: Happy New Year! is beginning to be repeated, followed this time — as perhaps never before — by a thousand and one question marks.

There are more than enough reasons.

Struggle for Poland

Havana VERDE OLIVO in Spanish 24 Dec 81 pp 14-15

[Article by Elpidio Valdivia: "The Struggle Between Socialism and Capitalism: Why Poland?"]

/Text/ It is midnight, Saturday, the 12th of December: one more illegal assembly of adventurous Solidarity members at their headquarters in the port city of Gdansk.

For these and other counterrevolutionary groups, it seems that the possibility that the society's saner and more sensible forces may have felt that the time had come to settle accounts is still a long way off.

They rely more on the hope that the latest measures and events in the country will more rapidly bring it to a takeover of power and the overthrow of the socialist government in Poland than on the other alternative.

However, the time to follow the true path of justice and reclaim the ground that has been lost has arisen so unexpectedly, so giddily, that these reactionary forces in the country no longer have room or time to react consistently with their intentions.

"In accordance with the provisions of the Constitution, at midnight today the Council of State proclaimed martial law throughout the entire country," Army Gen Wojciech Jaruzelski, prime minister of the Polish Government, solemnly said.

In a calm and measured tone of voice, in his address to the people at dawn on Sunday, the 13th, he said that "the achievement of many generations, the country, raised from ashes, is being ruined. State organizations have ceased to operate. Every day new blows are being dealt the dying economy."

And in clear allusion to the Solidarity Union headed by Lech Walesa, as well as other reactionary groups, he said: "The wave of shameless crimes, attacks and national strikes has spread widely throughout the country. The chaos and demoralization have assumed disastrous proportions. The nation has reached the limits of its mental resistance."

"Solidarity leaders have been absent from the common table. The words uttered in Radom and the Gdansk debates revealed the real intentions of these associations of leaders. They are trying to completely dismantle the Polish socialist state," the chief of state said at another point in his speech.

Rigorously reflecting on the dramatic situation the country is going through and its possible consequences, he said the following:

"A continuation of the present state of affairs would inevitably lead to catastrophe, complete chaos, poverty and hunger.... Under the circumstances, no action (inaction) would be a crime against the nation. We must prevent, bar the way to the confrontation Solidarity leaders have planned.

"Have we done everything to stop the spiraling of the crisis? History will judge our actions. We have made mistakes. We are drawing conclusions from them."

It is doubtless regrettable that a people massacred by Hitler's hordes — 6 million dead — which, after a long struggle, with the firm and effective support of the Soviet Union achieved its complete liberation 36 years ago should be deceived and

egged on to the present climax by a group of adventurers, long associated with capitalist centers of power, which have skillfully exploited the errors, weaknesses and other faults of earlier Polish party and government leaders.

For all of us this constitutes a bitter lesson from which we must draw conclusions. It is authentic proof of the imperialist subversive policy against the socialist countries in order to undermine and liquidate them and an eloquent example of what can happen to a revolutionary party in power when it deviates from the principles of Marxist-Leninism, as our commander-in-chief noted in his report to the Second Cuban Communist Party Congress when he referred to the critical situation our sister nation, Poland, was going through.

As is natural, every development of this sort has its antecedent, its point of departure, which in the case of Poland goes back to the days of the victory over Hitler's Germany.

In such a limited amount of space it is not easy to assemble the essence of the origins and causes of this evil, the fruits of which are being harvested now, without committing an involuntary sin of omission. But let us take a look at these on the basis of — and including — some official documents.

In the "Programmatic Positions" of the Ninth Polish United Workers Party (PZPR) Special Congress, held last July, the following reasons, among others, were listed:

The failure of the accelerated economic development program proposed in 1970 by the then recently appointed first secretary of the PZPR, Edward Gierek.

Underestimation of the existing social contradictions in the country as a powerful source of conflicts and incorrect evaluation of the activity of opposition groups.

To get an idea of what led to the distortions of and deviations from Polish economic development, with emphasis on monetary and commercial relations with the West but without taking into account the country's real needs and potential, let us merely compare the evolution of Poland's foreign debt with that of the chief industrialized capitalist countries.

As a result of the policy of massive investments, the country was confronted with a debt of \$740 million in 1970, one which in 6 years time rose to the incredible figure of \$10.6 billion and only 4 years after that almost doubled, coming to some \$20 billion. Estimates from capitalist sources for what this year will be like are on the order of \$26 billion.

If to the above we add the growing proliferation of the private sector, the situation becomes more critical.

About 4.7 million people work at the most varied kinds of specific jobs, the bulk of them in the farm sector, which involves some 4.2 million of the total number of people just indicated. Suffice it to say, for the purpose of drawing conclusions, that the socialized sector has a labor force of somewhat more than 10 million.

The farm division of the country's private sector is such that it controls over 80 percent of the arable land, distributed among some 3 million small farms. To understand why this is so, since 1956 the process of collectivizing farming has been stagnating because it was then regarded only as a long-term aspiration, an attitude that has persisted up to the present.

When "underestimation of the social contradictions" was raised in the Ninth Congress paper, this was a reference to palpable facts like the weakening of the leadership role of the working class in the society, the existence of enormous wage inequities, administrative corruption, misemployment, ideological deviations in the mass communications media and growing depoliticalization of the society, among others.

The chief beneficiary of all this backsliding and other kinds too was and is the Polish Catholic Church, which since 1956 has been granted a number of prerogatives that in the course of these years have enabled it to become a powerful force.

With reference to the statement in the above-mentioned paper: "the poor evaluation that was made of the opposition organizations," they failed to add: and the continued tolerance of their existence and activities against the legally constituted government.

In Poland the antisocialist factions gathered strength as a result of the successes achieved in Poznan in 1956, which had their origin in economic demands that led to the replacement of the ruling clique and put Wladislaw Gomułka at the head of the PZPR.

This development was followed by others, the most notable of which took place in 1970, resulting in violent confrontations with the authorities provoked by extremists. So, again, another shift in the country's top leadership, which put Edward Gierek at the head of the party, was produced.

In 1976 under his leadership, new revolts occurred and at that time the first anti-socialist opposition organization of any importance, the Workers Self-Defense Committee (KOR), led by Jacek Kuron, came into being.

The process of opposition development did not slacken and finally resulted in the explosive clashes of August 1980, chiefly in Gdansk, Szczecin and Silesia, which led to the dismissal of Gierek and Stanislaw Kania's assumption of the leadership of the PZPR.

Then the so-called parallel union, Solidarity, with which from that moment on all factions opposing socialism more or less identified, came into being.

In view of the situation that had been evolving in the People's Republic of Poland through different stages since World War II, there remained no other alternative but the one adopted at midnight of Saturday, 12 December.

In the days prior to the introduction of martial law (which the Poles regard as an emergency measure), undisguised uprisings invoked to eliminate party organizations in the enterprises and elsewhere, take over union locals and in the end unleash a storm of events that would in those December days lead to a government takeover had become more and more frequent.

The latest proposals by Solidarity members, including Lech Walesa, their leader, tendered in Radom and Gdansk and disclosed by the government, which through the news media published the contents of tape recordings with the voices of these individuals, stripped from them the mask behind which they were concealing their true intentions.

In Gdansk, for example, one of the Solidarity leaders, Jan Rulewski — once a common criminal — openly declared himself in favor of a provisional transition government, as reported in a commentary by the French agency AFP.

This mask fell away for many members of the union itself, as demonstrated by the fact that chairmen of the regional organizations of Poznan and Slupsk last Thursday openly expressed their full support of the Military Council.

There are already many samples of the intentions inspired by the enemies of the country, recently brought to light by the security agencies, which along with the police have been closely cooperating with their brothers in the Polish People's Army and the public.

"The historic moment has come for the Polish nation, as has the last chance to put its own house in order with our own forces," said the proclamation issued by the Military Council for National Salvation on 13 December.

In connection with this, Fidel clearly stated in his report to the Second Congress that "under the present international circumstances, the world revolutionary and progressive movement for detente and peace is the best service we can render not only our own countries but also the cause of socialism."

This Military Council, composed of 20 members, most of them highly-placed officers of the Polish Army, bears on its shoulders an important and historic mission.

Up to now the solid basis of the measures and actions engaged in points to the fact that the change that has been made is encouraging, since it is aimed at strengthening the socialist movement in the People's Republic of Poland on the basis of Marxist-Leninist principles, while maintaining firm ties with the community of socialist countries, in particular with "the Polish-Soviet alliance which will continue to form the cornerstone" of the government's policy, as Jaruzelski reiterated in his appeal.

In an undertaking as big as this one there will be not a few difficulties to overcome, nor either the attacks of the internal enemy who for the time being has managed to escape justice, and also the external pressures the imperialists have begun to exert on the Polish people, chiefly from the United States.

By way of contrast, on 14 December Yankee Secretary of State Alexander Haig and Chairman of the Senate Foreign Relations Committee Charles Percy simultaneously announced that the United States had decided to cancel all future food shipments to Poland and shortly thereafter a group of American banks announced that they would grant no new loans to the present Warsaw government, as an undisguised form of pressure and interference in the affairs of Poland.

Shortly thereafter, Western correspondents spread the news that the Soviet Union and other socialist countries were getting ready to send much-needed shipments of food, clothing, medicines and other goods to their Polish brothers.

A year after Fidel passed judgment in the highest forum of the Cuban Communist Party on the solution to the crisis by the Poles themselves, it has achieved the full effect and force that time has endowed it with, namely when he noted:

"We believe that, regardless of the errors that have been committed, the courageous sons of this heroic people and their communist leaders will recover from their initial setbacks and, mustering their fighting spirit with the backing of the country's forces for sanity and the employment of the enormous moral, patriotic and revolutionary reserves of their working class, will be capable of succeeding in the endeavor."

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COMMENTATORS DISCUSS VARIOUS INTERNATIONAL ISSUES

Perils of Newsmen

Havana PRISMA LATINOAMERICANO in Spanish Dec 81 p 2

[Article by Carlos Mora Herman: "A Very Dangerous Profession"]

[Text] On an April day this year newsman Rene Tamsen, correspondent for Washington radio station WHUR, was walking down a main street of San Salvador when several men in civilian dress who were riding in a car stopped it alongside the sidewalk and violently forced Tamsen into the car.

In July Jaime Suarez, chief editor of the newspaper, LA CRONICA DEL PUEBLO, and his photographer, Cesar Najarro, were kidnaped while they were in a cafe. Days later, their bodies appeared, mutilated with blows from machetes and with obvious signs of having been viciously tortured.

Mexican newsman Ignacio Rodriguez Terrazas of the daily UNO MAS UNO was murdered in August during a roundup by the military.

Photographer Susan Meiselas was wounded in El Salvador when a mine near where she was exploded and South African cameraman Ian Mates also died as a result of a mine explosion. French photographer Olivier Rebbot died a few days after being wounded by a bullet in the chest during an encounter between government troops and Farabundo Marti Front guerrillas.

The possibility of arrest, disappearance, torture and murder are constant threats hanging over the heads of foreign and domestic newsmen in El Salvador.

Journalism has become one of the most dangerous professions of the 20th century.

Baldomero Alvarez Rios, secretary general of the Latin-American Federation of Journalists, which has its headquarters in the Mexican capital, during an interview said that Latin-American journalism is going through its years of greatest repression.

The fascist regimes that retain power in South America and in Central America, especially Guatemala and El Salvador, attest to the fact.

In Guatemala, for example, according to statements made by newsman Elias Barahona y Barahona, over 40 journalists have been murdered in the past 2 years and another 50 have been forced into exile.

In Bolivia the situation is dramatic. After the murder of Jesuit priest and journalist Luis Espinal and politician and journalist Marcelo Quiroga Santa Cruz, the most savage repression has been unleashed against the popular press and radio, especially the miners' broadcasting stations, with persecution and repression of journalists.

More than enough is known about the calvary of Chilean newsmen as a result of the fascist coup and the assassination of Salvador Allende.

There, during the first hours of the coup, Augusto Olivares died at the mint. Other newsmen have been arrested and tortured and many of them are prisoners.

In Uruguay repression against men of the press has been tremendous. Dozens of fellow newsmen are prisoners, like ex-president of the Uruguayan Press Association Elsa Antuna who is in Punta Rieles Prison, Ismael Weinberber, Ruben Acasuso and the editorial secretary of the magazine, ESTUDIOS, Rita Ibarbourou.

With the collaboration of their Argentine colleagues, Uruguayan assassination squads murdered reporters Zelmar Michelini and Hector Gutierrez Ruiz in Buenos Aires.

Argentina is another example of the repression and persecution unleashed against newsmen.

During the past few years over 100 have disappeared in this country due to the action of the Argentine fascist oligarchy.

Over 200 newsmen are in prison there and over a thousand are in exile.

Many journalists have been arrested in Haiti and acts of harassment against press workers in Jamaica and repression of them in Colombia have been reported.

Two years ago the chairman of the committee appointed by UNESCO to study communication problems, Sean MacBride, reported on this matter saying that each time journalists are murdered, arrested or kidnaped there is a public clamor which then passes and, in short, no decisions are made to defend the rights of journalists and protect them during the performance of their professional assignments.

The facts have overwhelmingly demonstrated that being a journalist in Latin America is dangerous and constitutes a serious risk.

Last October a forum was held in Varna, Bulgaria, for the defense of journalists' rights in which journalists from 35 countries of Latin America, Asia, Africa and Europe as well as representatives of seven international organizations participated.

The purpose of the conference, sponsored by the International Organization of Journalists (IOJ), was to pave the way for the creation of a Permanent Committee

for Journalists' Rights, which would be responsible for compiling information and documents and adopting the appropriate international measures for guaranteeing such protection, a few days later at the Ninth IOJ Congress held in Moscow in the Soviet Union.

Nevertheless, we must realize that the journalist who exercises his profession with a sense of honesty, in defense of his people and his country, especially in this Latin America oppressed by fascist dictatorships and oppressed and exploited by the United States, will always be exercising "a very dangerous profession."

Comment on Poland

Havana PRISMA LATINOAMERICANO in Spanish Dec 81 p 21

[Article by Irma Caceres: "Poland: Changes and Solutions?"]

[Text] New and difficult chapters are being added to the rich history the Poles have contributed to Europe and to mankind since over a year ago the country began to be torn by a political, social and economic crisis that still persists.

The conflict that had arisen between the government, the Polish United Workers Party (PZPR) and the forces grouped about the Solidarity Union has reached a point that is dispelling the ignorance — if there ever was any — of the intentions of this group to put an end to the socialist system.

The program discussed during the First Solidarity Congress last September recommends "liquidation of government socialist planning of the economy and reorientation toward collaboration with international economic centers," under capitalist control.

The errors on occasion committed by Polish leaders were used as a shield by the Solidarity team, which for over a year regularly refused to accept some of the many formulas for a dialogue that had been proposed by the PZPR and the government.

Their original demands — many of them accepted — no longer satisfy this group, which is trying to sneak into all walks of Polish life and, as it asserts, to separate management of the economy from politics. While it has brought the situation to an apparent "dead end," it lays the responsibility for "everything that has happened" on the government and sets itself up as the only possible alternative.

This battle has gotten Poland into a situation in which the time seems to have come for a response — much more far-reaching than the dialogue — once the possibilities of avoiding the confrontation are exhausted, which is in accordance with the decisions proposed at the party's last plenary session.

While the party and the government have certainly launched an overt campaign in the past few weeks against instances of demagoguery, violation of the laws, refusal to comprehend the situation, anti-Sovietism and others, these acts still persist, although a certain withdrawal by Solidarity on some positions and outright stagnation on others has been sensed.

The appointment of Prime Minister and Minister of Defense Wojciech Jaruzelski (58 years old) to the post of first secretary of the PZPR has been interpreted as a strengthening of official positions vis-a-vis Solidarity, which for many has already ceased to be a union movement, being regarded rather as a political organization of open opposition.

With a long career in the recent history of Poland: in the 1939 war, during the liberation of Warsaw, afterwards against counterrevolutionary bands and then in the Ministry of Defense, Jaruzelski is responsible for applying measures -- before the end of 1981 -- designed to put an end to the present situation.

The government and the PZPR have been adopting various measures. A recent PZPR resolution guarantees that Ministry of Interior agencies will take action against the use of moral and political terror, antisocialist propaganda and anarchy.

At the present time a great deal of emphasis is being laid on the shaping of a broader platform and the participation of different forces -- including religious forces -- in the National Unity Front (PZPR and the United Farmer and Democratic Parties), whose elements have reaffirmed the necessity of saving the nation's basic interests from the present dangers.

In the important labor sector, the local unions are displaying much greater activity. At a meeting held with representatives from the whole country, they approved a position in favor of the continued development of the socialist society in Poland.

The Catholic Church has declared itself for collaboration between it and the government in addition to considering the importance of a national accord that would put an end to the present crisis. It is also probable that the summit meeting held in November by top government leaders, Solidarity and the church could now contribute toward a favorable balance.

The situation in Poland is having big international repercussions, especially in the West, because it involves a socialist country that has been under the scrutiny of many reactionary forces for many years now.

The aid provided Solidarity and its agents by most of the capitalist powers in the form of both money and political support is obvious proof of the intentions of these governments to attempt to separate Poland from the socialist community in order to use it in a way that is referred to as "a sample of the ineffectiveness of the socialist system."

At the present time the West is doing the impossible to see to it that the Polish debt (about \$30 billion) to the capitalist world serves as a final link to join Poland to the capitalist chain. But the government and the PZPR have reiterated their interest in continuing to be a member of the socialist community to which they have belonged for 36 years. In turn, the socialist states do not hesitate to assert that Poland will never leave the community, despite all the efforts of the West.

The end of this year appears to be a fundamental time for inaugurating a new era for the 35 million Poles who may see their lives affected even more this winter

by not saying yes to Solidarity, which will enable the masses to get back to work and production without interruptions.

Poor Countries

Havana PRISMA LATINOAMERICANO in Spanish Dec 81 p 58

[Article by Jose Bodes Gomez: "Who Wants to Die of Illusions?"]

[Text] Prognoses to the effect that the 1980's would be a very severe decade for the underdeveloped countries have, unfortunately, been fulfilled during this year now coming to an end.

These countries' foreign debts are rising at rates that are no longer accelerated but dizzying. Latin America has the dubious honor of heading the list among the so-called Third World regions. To give the reader an approximate idea of the magnitude of this indebtedness, the current amount involved is twice the total value of the region's yearly exports.

The chief reason for the mortgage the Latin-American countries have saddled themselves with lies in the high interest rates private banks charge for lending money. With regard to this, we should note that the financial capital of the big trusts is more and more replacing international credit institutions and the governments of the industrialized countries of the West.

Studies conducted by experts from the underdeveloped world, represented in the "group of the 77," show that every increase of 1 percent in interest rates means that these countries' debt goes up by \$20 billion. The "champion" in this kind of usury — and how could it be otherwise? — is the United States. American banks now charge about 20-percent interest for the loans they grant, which means that for every dollar lent \$1.20 has to be paid back.

The Latin-American countries currently have to pay interest amounting to approximately a third of their hard-currency income from exports. Since the remaining two-thirds is insufficient to cover their imports, liquidate the terms of the debt and other expenditures — such as freight charges, tourism expenses, etc. — the economies of the region use up their gold reserves, "hard" currency and other assets, but they go on getting deeper into debt because they need new loans to keep from having to declare themselves bankrupt.

The country closest to bankruptcy in Latin America is Haiti. Except for the Duvalier family and their friends, among them the managers of the American companies located there, the population lives below the absolute poverty limit. But hopes for the people of Haiti to alleviate this poverty become remoter from year to year.

The UN conference held last August in Paris to resolve the most worrisome problems of the so-called less-developed countries ended with promises of aid which, even in the event they should be fulfilled, will be totally ineffective in terms of delivering these peoples from hunger, disease and other inadequacies they suffer from.

In his speech made in Philadelphia last September, President Ronald Reagan recommended as "a solution" that the underdeveloped countries strengthen the private sector of their economies and attract foreign investors with better terms. In short, follow the capitalist path they have been going down for many years now and which has led them to the present situation.

The prospect the industrialized capitalist countries are offering is even worse than the present situation. At a joint annual meeting with the World Bank, director of the International Monetary Fund Jacques de Larosiere warned that the latter organization would resist all efforts to ease credit terms for the developing nations.

The new economic crisis generated by the capitalist system these past few years shows no signs of being resolved. In the most highly developed countries (the United States, Japan and the European Community) recession, unemployment and inflation fundamentally fall on the shoulders of the workers and are transferred to the "Third World" through commercial protectionism, higher prices for manufactured goods and repeated cutbacks in official aid.

In the domain of international negotiations, other, more serious frustrations than the Paris Conference on "Less-Developed" Countries were recorded in 1981.

The Republican administration in the United States has stalled the agreement, practically concluded, on an international treaty on sea law. The conference, which has already been going on for 8 years in the forum of the United Nations, will have to wait who knows how much longer to reach its conclusion.

Negotiations on basic products have suffered the same fate or agreements have been reached that are burdensome for the underdeveloped countries. In the case of sugar, in spite of the reduction in price during the past few months, the American Government approved a rise in the import tariff.

And lastly, overall negotiations are still going on without a starting date having been set despite the efforts made by various countries at the chiefs-of-state conference in Cancun.

For Reagan, "a spirit of new hope" has arisen from this dialogue. Another person attending the conference, Brazilian Minister of Foreign Affairs Ramiro Saraiva Guerreiro, frankly declared that "after this conference it would be a cruel thing to offer hope to the poor countries."

Let the reader judge for himself.

RAFAEL RODRIGUEZ DISCUSSES FOREIGN POLICY PRINCIPLES

Havana CUBA SOCIALISTA in Spanish Dec 81 pp 10-33

[Article by Carlos Rafael Rodriguez, member of Politburo and Secretariat of the Central Committee of the Communist Party of Cuba: "Strategic Principles of Cuban Foreign Policy"]

[Text] Cuban foreign policy is based on the Marxist concept of the historic development of class struggle. According to the theses that we accept, that class struggle exists at the national level as well as at the international level. Since 1917, as the circle of socialist countries expands, the class struggle at the international level is increasingly expressed in the essential historic conflict of our time: Capitalism and socialism as antithetical systems.

Our Marxist concept of history also includes another premise: The evolutionary progress of contemporary societies--capitalism in its imperialist stage and the opposition between capitalist and socialist systems--leads the world toward socialism.

This progress is frequently viewed mistakenly as an inevitable, automatic and inexorable progress. Actually, the world does not have to eventually reach socialism, no matter what happens, as a result of the evolution of history independent of the voluntary actions of men. Such a mechanical and lineal interpretation of progress is contrary to Marxism. Our materialist theory assumes that imperialist capitalism creates the objective conditions that make the transition to socialism possible and necessary as a result of the widespread crisis of the capitalist system. That same crisis--through class struggle--creates the subjective conditions for the actions of men (classes and social groups) to defeat capitalism at the international level and establish socialism as the predominant system to replace it.

In order for that possibility to become reality, there must be conscious action of the revolutionary social classes at the national level as well as the international level.

That is the basis of our international positions. According to the Programmatic Platform and Thesis "On Foreign Policy" of the First PCC [Communist Party of Cuba] Congress, the essential foreign policy objective of the Cuban revolution is to contribute to the cause of socialism. It categorically stated the decision to subordinate, in our foreign policy, "the interests of Cuba to the general interests of the struggle for socialism and communism, national liberation, the defeat of imperialism and the elimination of colonialism, neocolonialism and every form of

exploitation and discrimination against peoples and men."² That commitment simultaneously requires the struggle for peace, an objective that, under contemporary conditions, is inseparable from the fight for socialism and communism.

The basic strategic premise of our foreign policy is that history is oriented toward socialism but those who aspire to socialism must help achieve it. This assumes a frontal and constant struggle against imperialism in its various forms.

It must also be pointed out that this struggle is irreversible. The Marxist concept of history that we support means accepting the thesis that there must be a revolutionary break in order to go from capitalism to socialism. In recent years, bourgeois philosophers have very enthusiastically promoted--and some "isolated Marxists" have seized on--the idea that what will occur in the near future is a "merger" of the two systems. Capitalism "will become socialized" and socialism "will become capitalized."

(It would be unrealistic and antihistoric not to admit that many elements of the capitalist society will continue in the future socialist society. In his "Critique of the Gotha Program," Marx presciently acknowledged the inexorable conditions of that transition. He indicated that, during the transition period when capitalism would have already disappeared but communism would not yet exist in its final form, the prevailing distribution system in that stage which he called socialist would still have a clearly bourgeois stamp. It is also obvious that as the crisis of capitalism deepens and the number and power of the socialist countries increase, the peaceful transition from capitalism to socialism, the transformation from one to the other, becomes more possible.

However, it is necessary to emphasize that there must be a revolutionary break even in the exceptional cases where socialism is achieved peacefully or even legislatively. That break is expressed in the transformation of individual bourgeois ownership--which daily shows more "collective" forms through trusts, monopolies or multinational corporations--into social ownership by the people as a necessary step for the initial socialist distribution and the subsequent communist distribution.)

The fact that the conflict between socialism and capitalism is inevitable does not mean that it must be settled through armed conflict. We Marxist-Leninists have always rejected the idea of a world conflict as the way to socialism. Therefore, we Soviet communists feel that contributing to the victory of socialism is perfectly compatible--or even necessarily compatible--with peaceful coexistence. That is why we say that the struggle for peace--in its different manifestations--is an essential part of the strategic objectives of our foreign policy.

At the same time, we do not view peaceful coexistence as a conciliatory compromise that leads to immobility. Peaceful coexistence between the two adversary systems means at the same time only the continuation of the ideological struggle but the continuation of the class struggle at the national level as well as the international level. The West imperialists claim their idea of peaceful coexistence with the Soviet Union to be a pretext for dividing up "spheres of influence" or is a compromise that through the peoples who fight for national dependence and for socialism to weaken or divert their fight. This is totally unacceptable. These struggle-oriented imperialists as the main enemy--will not only continue but must become more dangerous.

This leads to another strategic premise of the foreign policy of the Cuban revolution: Internationalism.

Cuba has the duty to practice and will always practice revolutionary proletarian internationalism. This is one of its essential ways to contribute to the historic victory of socialism over capitalism. It is not merely an act of identification and support. It is an inherent duty included in our strategic objectives.

"Imperialism," then, is our historic enemy. But what do we mean by "imperialism"? We are referring to the system as a whole. We do not just mean defeating the U.S. imperialists while ignoring imperialism in the rest of the world. Nevertheless, an appropriate strategic consideration forces us to specify the real enemy to be defeated.

The first thing that Leninism teaches us is that although imperialism is a system, that system is not a single, homogeneous whole. It is not only heterogeneous but contradictory.

The theoretical problem was beautifully defined by Lenin before the October revolution.

In 1915, when writing the prologue to Bukharin's "The World Economy and Imperialism," Lenin refuted the idea--maintained by Kautsky and also in the Bukharin text--that the world economic process led to the rise of a "superimperialism" or "ultraimperialism" through the concentration of capital. The interests of the different sectors of imperialism would be unified in a single, uniform and nonconflicting whole.

Lenin said: "Let us call the international union of national imperialisms (or, more exactly, those within the different states), a union that 'could' eliminate disagreeable, alarming and distressing conflicts for the petite bourgeoisie such as wars, political disturbances, etc., ultraimperialism.... Wouldn't it be possible for us to avoid the 'incisive' problems that the imperialist stage in Europe presents and dream that perhaps that stage will soon pass? Then it would be conceivable to expect a relatively 'peaceful' stage of 'ultraimperialism' that does not demand 'incisive' tactics."³

Lenin rejected the possibility of this "ultraimperialism." He said. "Theoretically, such a stage is conceivable. However, in practice that means becoming an opportunist who ignores the burning tasks of the present for the sake of potential less urgent future tasks."⁴

He added: "Development evolves under such circumstances, at such a rate, with such contradictions, conflicts and disturbances--not only economically but also politically, nationally, etc.--that inexorably, before a single international trust or an international 'ultraimperialist' union of the national finance capitals is reached, imperialism will explode and capitalism will radically change."⁵

A few years later, Lenin returned to this topic in his great essay "Imperialism, the highest stage of capitalism."

He pointed out Kautsky's statement: "Cannot the present imperialist policy be dislodged by a new, ultraimperialist policy that replaces the struggle of the national finance capitals among themselves with the joint exploitation of the world by

internationally combined finance capital?"⁶ Lenin said: "(That) 'Marxist' theory by Kautsky does not go anywhere."⁷

Lenin referred to concrete phenomena: The exploitation of India, Indochina and China by imperialist powers like the United Kingdom, France, Japan, the United States, etc. Lenin said: "Let us assume that all the imperialist powers form an alliance for the 'peaceful' division of those Asian countries; it would be an alliance of the 'internationally combined finance capital.'"⁸ Lenin asked: "Is it conceivable (...) that, assuming that continuation of capitalism (...), those alliances would not be ephemeral and would exclude friction, conflicts and struggle in all imaginable forms?"⁹

Lenin went on to examine the fact that the basis for the division of the spheres of influence, interests, colonies, etc., was "the strength of those who participate in the division, the general economic, financial, military strength, etc."¹⁰ He added that this strength is not equally apportioned due to the uneven development of capitalism. He said: "Half a century ago, Germany was absolutely insignificant compared to the United Kingdom; the same can be said when comparing Japan to Russia."¹¹

He reached the conclusion that in about 20 years, the balance of power among the imperialist powers would change. Therefore, "the 'interimperialist' or 'ultraimperialist' alliances in the real capitalist world (...) cannot possibly be more than 'truces' between wars."¹²

It is obviously more than a simple theoretical explanation. To the Soviet communists led by Lenin, it was an essential element in the strategy and tactics to defend their incipient revolution. Lenin began to apply it even while the signing of the Brest-Litovsk Pact was being debated. Let us remember that the political essence of Lenin's position at that time in history was the following theory. Since the insurrection of the European proletariat in more advanced countries like Germany--an insurrection to which Lenin felt the fate of the young Russian revolution itself would have to be subordinated--could not be expected, the most important thing was its preservation as the center of future international revolutionary development.

Lenin said: "Our task, since we are alone, is to sustain the revolution, preserving it as a bulwark of socialism, however weak and small it may be, while the revolution ripens in other countries and other detachments are added to ours."¹³

Lenin found the basis for this defense of the weak and battered Bolshevik revolutionary process in the minimal armed resistance of its heroic but untrained armies as well as in "the continuation of the conflicts among the imperialists."¹⁴ To those who accused him of shirking combat, retreating and brandishing abstract mottoes concerning the "dignity" of the revolution, Lenin answered: "The unavoidable duty of the triumphant socialists in a single country (especially if it is a backward country) is to refuse combat with the giants of imperialism, to try to avoid combat, hoping that the conflicts among the imperialists will weaken them even more and revolution in other countries will be closer."¹⁵

The idea that it was necessary to exploit the interimperialist conflicts is present in all Lenin's works during that period.

When explaining the international situation to the Sixth Extraordinary Congress of the Soviets of Worker, Peasant, Soldier and Red Army Deputies of Russia in November 1918, Lenin said: "If we manage to remain on our feet a year after the October revolution, we owe it to the fact that international imperialism was divided into two groups of predators--the Anglo-French-Americans and the Germans--engaged in a life-or-death struggle which kept them from thinking about us."¹⁶

A year later, in November 1919, Lenin told the Second All-Russian Congress of Communist Organizations of the Peoples of the East that the Versailles Peace had started a fight among what he called the "imperialist sharks." He added: "The internal struggle of those sharks is developing so quickly that we can be happy since we know the Versailles Peace is only an apparent victory of the exultant imperialists. Actually, it means the bankruptcy of the entire imperialist world."¹⁷

Lenin indicated that, according to the press, "France shows an unprecedented hatred toward the Americans because they refuse to ratify the Versailles Peace Treaty.

"England and France have won but they owe the shirts off their backs to the United States which has decided that, however victorious the French and English may feel, it gets the cream off the top and collects the growing interest from its aid during the war."¹⁸

In February 1920, Lenin was studying the situation in the Far East. He pointed out that "a rivalry is becoming more obvious between Japan and the United States, formally allied powers. This hostility does not allow them to fully deploy their power against the Soviet Republic."¹⁹ Days later, at the Ninth Congress of the Russian Bolshevik Communist Party, Lenin formulated this brilliant conclusion: "If, in short, we think about the reason for our victory, the reason we could and had to triumph, we will see that it was due only to the fact that all our enemies (...) were divided; their internal union basically divided them, cast them one against the other, and capitalist ownership scattered them, making the allies become savage beasts."²⁰

A list of examples where Lenin's strategic and tactical plans were aimed at using the inevitable conflicts that occur within the imperialist system to nurture the new socialist state would be endless.

From the very beginning, the Cuban revolution--under the leadership first of comrade Fidel Castro and the revolutionaries who gathered around him and later a communist party with Fidel as the principal guide--has concentrated on developing its foreign policy on the same strategic bases used by Lenin.

With strict loyalty to principles and without making concessions that were incompatible, the Cuban revolution was always able to distinguish between the positions that the large capitalist powers and the capitalist countries with average development held toward it.

Capitalists are capitalists and they always will be capitalists. We know that the interests and positions of the different sectors of international capitalism, as Lenin theorized 60 years ago, are not identical. There are many explanations to the fact that France--whose ideological position was so opposed to Fidel Castro's and the Cuban revolution--always maintained a position of respect toward Cuba and defended the continuation of economic cooperation and diplomatic relations. In spite of the intense and open pressure of U.S. imperialism, this was not an ultimate ideological difference.

General de Gaulle's similar position was much more understandable. It was part of his political and economic conflicts with the U.S. rulers which arose at the very beginning of the fight against naxism and fascism.

Because of the position of Spain and France, it was easier for Cuba to convince more reluctant capitalists in the United Kingdom, the FRG and Italy to establish relations with it. Although they were strained and frequently broken, these relations plus Mexico's political position and Canada's opening to Cuba--also motivated by economic and political conflicts--kept the U.S. blockade against Cuba from achieving its proposed scope within the imperialist system.

Of course, the most important cause for that failure was the fact that the economic collaboration of the Soviet Union and other socialist countries broke the isolation that the Americans tried to subject us to. Having the necessary political realism to see the futility of the Yankee economic offensive, its Western allies did not support it. The same could also be said about Japan. The stable supply of sugar at a good price complemented the possibility of Japanese exporters' selling their products to Cuba at undreamed of levels.

All this has taught us that, although we fight against "imperialism" as a whole, we must not simultaneously confront all imperialists or treat all capitalist governments equally. We have no reason to.

That premise of our strategic options is very important under present international conditions.

Again our main enemy, U.S. imperialism, threatens us in all aspects--military, economic and political.

It tries to convince its allies of the need to give it moral, political and practical support in that campaign to eliminate Cuba. Reagan says it and Haig, Bush, Meese and Allen repeat it daily. Official envoys of the State Department and auxiliary teams are in charge of spreading it systematically in all countries. They visit Europe, Japan, Latin America and Africa with the specific mission of "explaining" the aggressive and threatening position of Reagan and his government against Cuba, justifying it with the most mendacious accusations which are outside the scope of this article.

An automatic reaction would lead us to feel that the 10 countries of the OECD, the members of the NATO military alliance and those who signed the Rio de Janeiro Treaty maintain close ties with the United States and, therefore, must follow all Washington's steps against Cuba. This would make us forget that the OECD, the EEC and NATO have not eliminated the conflicts that persist among their signatories. Therefore, it is possible and necessary to distinguish among their positions and exploit their differences. If we did not do this, we would be acting with the political extremism of independence.

We must not only look at the different positions of these countries toward Cuba and Cuban policy. The differences are much broader and deeper.

Reagan's policy goes far beyond the anti-communist alliance with the exception of the Thatcher who has been the only ally of Moscow. The American president and many members of the administration are in the process of a new alliance with the Soviet Union. The Soviet Union is not only a major power in the world but also a major power in the Caribbean. The Soviet Union is not only a major power in the Caribbean but also a major power in the Caribbean. The Soviet Union is not only a major power in the Caribbean but also a major power in the Caribbean.

If we carefully analyze current basic problems, we will find that almost none of the views of Reagan and his group have found complete agreement among the majority of the NATO and OECD countries. This is true about the attempt to manufacture the neutron bomb and place it in Europe. This is true about their attempt to install 572 nuclear missiles in Europe without first discussing the balance of power in Europe with the Soviet Union. Reagan's urging that the NATO countries considerably increase their war budgets has not been heeded at all.

It could be assumed that what is happening is a conflict between European sensibility and the folly of Reagan and his group. This is true but, in addition to those circumstances, there are underlying factors.

It is true that the interimperialist conflicts starting at the end of World War II have not reached the intensity that caused their division in the two world wars in 1914 and in 1939. Transnationalization is greater today than then. After World War II, it was learned that the dominant U.S. economic forces--which had a decisive role in the military conduct of events--prevented air and land attacks by European allies which would hurt German production centers which had considerable Yankee investment. It was also verified that the local partners of the large U.S. trusts in Europe and Japan continued faithfully allocating the profits of the associated Yankee enterprises from the economic successes of the Germans and Japanese, mainly massive sales of military equipment to their respective countries, arms which were used to kill Americans and their allies.

That type of transnationalization has increased in the last 40 years. However, as Lenin predicted, it does not keep the conflicts from continuing and growing.

Claude Julien, in his response to Servan-Schreiber, and many others after him described the penetration of U.S. capitalism in the vanguard sectors of the European economy. That has led to an anti-American economic resistance in Europe and in Canada that we can call "nationalism," no matter how much we question the ability of monopoly capital to express national feelings and interests.

Another controversial factor is the fate of the old colonial possessions and the neocolonized territories. A study of U.S. investments after World War II demonstrates how the United States exploited its temporary technological superiority and financial strength based on its enormous profits from a war in which others were destroyed in order to penetrate the Asian, African and Middle Eastern markets. This is in addition to strengthening its control in Latin America, extending it to the southern cone which had been the private reserve of its European rivals.

The Yankee economic victory was not complete because the old European imperialist sectors as well as the Japanese have exploited their political ties--the former in Africa, the Middle East and southern Asia and the latter in eastern and southeastern Asia--to preserve many of their privileged positions and to use them to try to regain their former positions.

A careful analysis of those continual economic conflicts is not the intention of this article which takes them as a known and demonstrated fact. The conflicts are revealed in foreign trade, finances and within the capitalist monetary system. It is well known, for example, that the United States ignores its invocations of "free trade" which it supported at the end of World War II because its technological domination permitted it to export better and cheaper merchandise than its competitors.

Now it uses different forms of protectionism--threatening to go even further in that direction--to keep its Japanese "friends" from flooding the market with their automotive and electronic products.

President Reagan's way of handling the U.S. economic crisis has led to an open conflict with France and the FRG and a less public but no less real conflict with Japan. 21

The policy of containment of the monetary flow and high interest rates that Reagan practices with the support of the Federal Reserve and the blessing of the "Chicago School" causes immediate harm to the economies of France and the FRG. While we were writing this article, there were decisions made in both countries that reflect a defense against U.S. economic policy and, at the same time, express two opposite ways of confronting the crisis. We are referring to the 3-percent devaluation of the French franc and the revaluation of the German mark. When the capitalist summit meeting in Montreal was announced, it was expected that the controversy between the Europeans and Reagan would be bitter and violent. An unfortunate plan to handle the situation meant that the scandal did not come up at the Canadian meeting. The failure of Mitterand and Schmidt to lead Reagan to more reasonable economic and political positions showed them the futility of trying to keep their conflicts from being publicly discussed. The monetary measures that those countries have just adopted and Schmidt's reluctance to increase his arms expenditures beyond a dangerous but much more modest limit than Reagan demanded demonstrate the conflict underlying relations between Europe and the United States. The same could be said about Japan.

In the political and military area, the difference between situations--and, therefore, difference in objectives and methods to find solutions--increases between the United States and its allies in the West and Asia.

In the first place, it involves preventing "Euroshima," the nuclear immolation of Europe. European leaders view with growing concern the fact that the U.S. "nuclear umbrella" with which Europe felt protected from the "threats" that, according to some of them, arose or could arise from the Soviet Union is becoming a myth. What emerges as a threatening reality is the U.S. attempt to immolate Europe in a projected nuclear conflict against the USSR while the United States remains outside the conflagration as a privileged spectator and beneficiary. The determination to install atomic missiles in European territory at any cost and to manufacture the neutron bomb for emplacement there cannot have any other objective. Europe resists being the victim of that sinister game and wants to hold meetings with its Soviet neighbors before taking definitive steps toward new nuclear armament.

The same thing happens with the Japanese. The experience of World War II has demonstrated to the Japanese people and to their leaders, including the very powerful economic sectors, that Japan has nothing to gain and much to lose if it tries to become a militaristic and aggressive power. In the last 40 years of peace, the Japanese have succeeded in taking the lead in the Western world in industrial organization, technological creativity and productive efficiency. To achieve its economic objectives, it does not need to escort its merchandise with battleships and armies as was done in the years immediately after World War I. It prefers to continue along the road of economic stabilization. However, the U.S. imperialists are trying to put Japan on the road to militarization again. They urge it to take the first steps toward that path by accepting the role of policeman in the East and by an action to take place in the Far East that will be a complement and counterpart to the role of the United States in the West. This is a dangerous and counterproductive policy.

Japan's reluctance to see itself compromised was revealed a little while ago during Prime Minister Suzuki's visit to the United States. The Japanese delegation published a press communique which mentioned the "alliance" with the United States. The military connotation of that word provoked such public reaction in Japan that the minister of foreign affairs, Itoh, had to resign.

The major European countries and Japan are not abandoning the basic alliance with U.S. imperialism and are still representatives of imperialism. This will continue as long as the forces of monopoly finance capital continue having the decisive influence that they have in all those countries. However, in our analysis we must note the contradictory conditions of that basic alliance today and use them in our strategy.

That is not all. It would be merely a mechanical use of good Marxist theory of the state to assume that the capitalist nature of a state characterizes, once and for all, all its political plans and that the governing social classes and the political tendencies in power do not have any importance.

To adopt that point of view would mean denying the practical--and, therefore, theoretical--possibility that progressive forces and even representatives of the proletariat can accede to power even though the capitalist nature of the state itself has not yet changed.

It would suffice to read Karl Marx' rich and precise description of the European states of his time in works like "The 18th Brumaire of Louis Bonaparte" or "Class Struggle in France from 1848 to 1859" to understand how many variations to pure and exclusive domination by the bourgeoisie can occur in a contemporary state. Therefore, we cannot ignore the Social Democrat presence in the governments of some developed imperialist and capitalist countries in Europe. It is true that Marx said that the government of a capitalist state was hardly a "representative executive power of the bourgeoisie." But Marx also analyzed many phenomena that Lenin developed in his analysis of the state. The Social Democrat presence in a government is not a guarantee in itself of a policy to abandon imperialist objectives that persist in the structure of the society. Unquestionably, though, governing Social Democrats who owe their political victories to the working class and to sectors of the petit-bourgeois youth must consider the aspirations and points of view of those classes and social strata.

This is demonstrated in the FRG where the Social Democrat government reveals continual conflicts between Schmidt's and Willy Brandt's followers and also the results of the street and parliamentary fights of the socialist youth (the "jusos"). However, the possible political alternatives of a government in a predominantly bourgeois state where monopoly capital has great influence are reflected more clearly in Mitterrand's France. The government has communist participation that might not define it but at least conditions it. Its domestic economic program contains clear elements of conflict with the domination of monopoly capital. Although its nationalization program is not broad enough to completely eliminate the domination of the large monopolies in the French economy, the nationalization law being discussed is indisputably different from the "nationalizations" carried out by the English Labourites after World War II. They were aimed at saving English capitalism by taking away their responsibility for unprofitable or risky production branches like mines, transportation, etc. The nationalizing state assumed the losses of those branches while it facilitated raw materials and services at low prices to the surviving major capitalists to contribute to their profitability. The French nationalizations, on the

other hand, an attempt by the state to assume economic control of all production is putting it along the path of social transformation. Its limitations do not negate the importance of this effort as the first step which the French people could decide to continue in the future, strengthening the alliance of the left and becoming more profoundly revolutionary.

All these factors are present in foreign policy. Mitterrand's France cannot and will not have the same position toward Africa as Giscard's France. It will no doubt seek the best situations for French investments and exports, whether state or private. The way of "exercising" this policy will be different, though, which can be seen already in its position toward South Africa and Namibia, the problem of Western Sahara and many other aspects of its relations with Africa.

The difference between the French and U.S. position on Central America is equally obvious. If France's silence in Ottawa about economic problems was a tactical error, the French leadership's disagreement with the Americans about El Salvador is very open. The statement by Mexico and France recognizing the representativeness of the FDR [Democratic Revolutionary Front] and the FMLN [Farabundo Marti National Liberation Front] is a progressive act in foreign policy that a government like Giscard's would not have taken.

All this confirms the importance of our strategic concept in the development of Cuban foreign policy of not equating and not fighting in the same way against all capitalist governments in states that, in one way or another, are still an integral part of the imperialist system. The careful analysis made in the reports of the Central Committee in the first and second party congresses demonstrates that Cuba has a flexible and discriminating evaluation of the different policies of the capitalist states. This is based on the irrefutable premise that Cuba wants to have normal relations with all countries, including the United States itself.²²

Based on this general concept, Cuba works to encourage relations with developed capitalist countries, to use all the economic and technological opportunities that these offer bilaterally or multilaterally. In this way, we help break the Yankee blockade. Naturally, we try to make these relations equitable and mutually beneficial but we understand that equity and mutual benefit will not be complete while imperialist domination in international relations persists.

Obviously, the foreign policy derived from this strategic concept is not only an independent but also an individualized policy. We mean that, although Cuba is always ready to subordinate its national interests to the interests of socialism as a universal aspiration, this does not mean nor can it mean subordinating our everyday foreign policy with its own objectives and its own interests--to the policy of other socialist states. The confusion between the two similar but different assumptions means that most of our enemies lose time spreading the idea that Cuba imitates and follows the international plans of the Soviet Union. It is true that there is actual consensus or at least agreement between Soviet and Cuban foreign policy. The same could be said of Cuban foreign policy and Vietnamese, Bulgarian or East German policy. This is based on their common situation as socialist states and on the fact that we pursue identical historic objectives. However, the different situations in the USSR and Cuba necessarily lead to different modes of establishing relations with capitalist countries.

Therefore, the application of a discriminating strategy as Lenin favored will be slightly different for the Soviet Union than for Cuba although both socialist countries start with the same theoretical focus and identical assumptions.

In the elaboration and development of Cuban foreign policy, we can never forget these strategic concepts. We continue on our essential road to socialism. This is based on the role that the fight for peace and for national independence has in relation to that objective. We use the constant and unresolvable conflicts among the main centers of world imperialism and we understand the evolution of history which introduces forces in the government of imperialist states that propose substantial changes in the societies of their countries.

It is a basic and undeniable principle of good foreign policy to view the international arena with discrimination and historic understanding. This is the road that the two party congresses have outlined for us.

FOOTNOTES

1. Of course, that "conscious action" is, in turn, conditioned by economic and social factors. In that sense, the will of the social classes and their members to carry out that "conscious action" has very little to do with the alleged "free will" touted by individualist philosophers. As Marx indicated in his very first writings, especially in the prologue to "Contribution to the Critique of Political Economics," the social consciousness of man does not determine his social being but the reverse--his social being determines his consciousness. Therefore, the objective factors of contemporary social being which favor progress toward socialism have a positive influence on actions by the revolutionary social classes in order to carry out the tasks that will lead to the defeat of imperialism and the rise of socialism at the international level.
2. "Plataforma programatica del PCC" [Programmatic Platform of the PCC] published by the Revolutionary Orientation Department of the Central Committee of the PCC, Havana, 1976, p 103.
3. V. I. Lenin, "Prologue for N. Bukharin's article, 'The world economy and imperialism,'" "Obras completas" [Complete Works], Editora Politica, Havana, 1963, Vol XXII, p 112.
4. Ibid., p 113.
5. Ibid., p 114.
6. K. Kautsky, NEUE ZEIT, 30 Apr 1915, p 144, as quoted by V. I. Lenin, "Imperialism, the highest stage of capitalism," op. cit., Vol XXII, pp 308-309.
7. V. I. Lenin, "Imperialism, the highest stage of capitalism," op. cit., Vol XXII, p 309.
8. Ibid., p 310.
9. Ibid.
10. Ibid.

11. Ibid.
12. Ibid., pp 310-311.
13. V. I. Lenin, "Report on immediate tasks of Soviet power," op. cit., Vol XXVII, p 284.
14. Ibid., p 284.
15. V. I. Lenin, "About 'leftist' infantilism and the petit-bourgeois spirit," "Obras escogidas" [Selected Works] in 12 volumes, Editorial Progreso, Moscow, 1977, Vol VIII, p 144.
16. V. I. Lenin, "Speech on international situation, 8 November," Sixth Extraordinary Congress of the Soviets of Worker, Peasant, Soldier and Red Army Deputies of Russia, "Obras completas," ed. cit., Vol XXVIII, p 149.
17. V. I. Lenin, "Report to Second All-Russian Congress of Communist Organizations of the Peoples of the East, 22 November 1919," "Obras escogidas" in 12 volumes, ed. cit., Vol X, p 212.
18. Ibid.
19. V. I. Lenin, "Report on the work of the CEC of all Russia and the Council of Commissariats of the People presented at the first session of the CEC of all Russia of the Seventh Legislature, 2 February 1920," "Obras escogidas" in 12 volumes, ed. cit., Vol X, p 342.
20. V. I. Lenin, "Report of Central Committee, 29 March," Ninth Congress of the Russian Bolshevik Communist Party, "Obras escogidas" in 12 volumes, ed. cit., Vol X, p 441.
21. Mrs Thatcher who follows the same path as Reagan does not compalin but the British Labourites and the main producers of the United Kingdom do.
22. The bases for normal cooperation between the United States and Cuba are well known and need not be repeated here.

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HAVANA CITY'S ARBITRATION CHIEF INTERVIEWED

Havana GRANMA in Spanish 16 Dec 81 p 3

[Interview with Dr Benito Besada, Chief Arbitrator, Territorial Government Arbitration Agency of the City of Havana by Jose Gabriel Guma]

[Text] The system of government arbitration, which has sprung up in Cuba as a result of the objective and in-depth analysis which the First Congress of the Communist Party made of the country's economy has completed its first year of jurisdictional action. This fundamental step in the SDPE (Economic Planning and Management System) has the objective of hearing and resolving pre-contractual and contractual conflicts of an economic character which may arise in money-merchandise relationships between the parties to the economic contract, and to study and propose measures and legal standards to perfect economic relations and to wipe out the shortcomings which are observed. Dr Benito Besada, the chief arbitrator of the Territorial Government Arbitration Agency of the City of Havana here replies to half a score of questions put to him by GRANMA, dealing with the activities of the Arbitration Agency in the capital during its first 12 months of existence.

[Question] How did the Arbitration Agency in the City of Havana perform during its first year? Did the economic entities go to the Arbitration Agency to resolve conflicts?

[Answer] Starting on 19 November of last year, we received authorization from JUCEPLAN [Central Planning Board] and from the National Government Arbitration Agency to start jurisdictional activities because we had been handling the cautionary aspects basically through meetings with the enterprises and organizations. Since then we have heard approximately 200 cases, most of them through official channels, since the enterprises so far have not displayed the kind of concern we had hoped for when it comes to filing a claim for any failure to comply which caused them losses. In our official function we also take care of the Isle of Youth where we handed down five rulings out of a total seven cases we had involving enterprises in that territory.

[Question] Was it generally possible to resolve the controversies through decrees issued in connection with conciliation acts or, on the contrary, was it necessary to go into the arbitration phase and hand down rulings?

[Answer] In a good number of cases, we did not have to hand down rulings because, during the proceedings, the parties arrived at a settlement in accordance with the technical-economic plan governing both; in many cases this is due to the fact that the economic subjects do not, throughout the year, maintain contact and exchange opinions which--if this had been done--could have led to solutions and adjustments.

[Question] What are the most prevalent situations? Is there any disregard of legislation, is there any negligence?

[Answer] In our short experience we encountered situations of various types, ranging from a lack of knowledge of economic and arbitration legislation all the way to negligence in filing claims, including cases where, although the proceedings had officially been initiated, the damaged party did not display any interest in filing a formal claim with the Arbitration Agency. In some of these proceedings we also were able to see the parties arrive at agreements regarding certain types of supplies in connection with which the damaged enterprise had arrived at the conclusion that it was impossible for it to obtain those supplies at that time point in the execution of the plan during the last months of the year.

[Question] How should the arbiters act on the basis of the lessons learned during this first year of operation?

[Answer] Experience tells us that the arbiter handling a case must have charted a certain strategy before going into the act of conciliation because the objective to be obtained--in other words, compliance with the plan--constitutes the guiding element for the steps that must be taken; some of these are induced by the arbiter himself because, in the performance of his duties and in connection with claims which are made by the parties, we also find involved the general interest of society, along with the specific interests which the economic subjects are recognized to have.

[Question] What is the real situation concerning contract handling at this time? Has there been some improvement in the quality of contracts?

[Answer] Every year something like 40,000 contracts are signed in the city of Havana; they reflect the entire economic activity which is being carried out in the republic's capital. These contracts for the 1981 plan reveal a certain qualitative improvement if we compare them to the situation we had the year before, according to our sample survey. But the quality of contracts is still unsatisfactory because some of the shortcomings which they reveal are of an invalidating character which is why full juridical effects may arise. We have encountered numerous omissions concerning delivery deadlines or the quality of supplies, for example, where the damages are passed on to the population and these matters must of course be properly covered in supply contracts. This is necessary because important interests of society must be protected.

[Question] Is it true that economic incentive funds, which various enterprises are establishing, could be affected by the lack of claims being filed with the Arbitration Agency?

[Answer] We analyzed contracts which are signed although they reveal serious deficiencies; but we also analyzed the causes of this passive and apathetic attitude on the part of the enterprises when it comes to dealing with noncompliance. The economic incentive funds, which 114 enterprises in the City of Havana are establishing in order to promote major efforts on the part of the workers, are in danger of being harmed and even of disappearing if the lack of claims causes a decline in some of the indicators on which the existence or volume of those funds depends.

[Question] What real prospects do you see for the role which contracts must play in enterprise management? Are you optimistic as to the future of the Arbitration Agency?

[Answer] At least one can already see a greater concern than during previous months in relation to the role which contracts must play as part of enterprise management although this concern is not yet expressed through the recourse to the Arbitration Agency. We are optimistic regarding the results which we can achieve in a short time because the consolidation of the SDPE presupposes that conflicts really reflect mercantile relations that link the economic subjects and because the operational autonomy of the enterprises in effect must be the basis for enterprise management. It is necessary to continue to develop and increase the dissemination of arbitration activities, not only in jurisdictional terms but also in preventive terms, to speed up the process of resolving the current difficulties. Awareness of contract obligations is an inseparable part of economic awareness and we have no doubt that we have opened the way because this is in keeping with the objective laws of the construction of socialism.

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